MITI REPORT 2020

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

MITI

REPORT 2020

MINISTRY OF
INTERNATIONAL TRADE AND INDUSTRY

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according to the World Bank and various international bodies, is robust enough to withstand the present challenges facing us and to emerge stronger and more resilient.

FOREWORD

MINISTRY OF
INTERNATIONAL TRADE AND INDUSTRY

Malaysia as an open and dynamic economy heavily reliant on trade, was not spared from the adverse effects of the COVID-19 pandemic. In order to curtail the spread of the virus, most countries including Malaysia resorted to imposing movement restrictions and border controls, contributing to the disruption in supply chains and business operations domestically. However, the Government, cognisant of the need to safeguard the lives and livelihoods of the *rakyat*, took various measures to keep the national economy afloat by ensuring that essential sectors especially those contributing to the *rakyat's* wellbeing and our contribution to the global supply chain remained steadfast. Closing down the entire economic sector was not a viable option if we intend to retain Malaysia's reputation as a competitive and trusted business destination in the Southeast Asia region.

Despite the colossal challenges of the pandemic, Malaysia managed to record a better-than-expected Gross Domestic Product (GDP) growth for the year; a clear indication that the country's economy is showing steady signs of recovery. The year also saw Malaysia's trade surplus valued at RM183.35 billion, making it the largest since 2009, and marking the fourth consecutive year of surplus for Malaysia. These positive signals are, among others, attributable to the Government's prompt move to cushion the effects of the global economic downturn, through the introduction of four economic stimulus packages totalling RM305 billion, or 22.7% of the GDP.

2020 was a watershed year for Malaysia when we signed the largest free trade agreement, namely, the Regional Comprehensive Economic Partnership (RCEP) on 15 November 2020. RCEP aims to enhance economic integration between 15-member countries with a combined GDP of USD17 trillion and 3 billion population. Our participation in RCEP offers immense business opportunities to Malaysian companies to gain wider market access abroad and become integrated into the global supply chain besides deepening regional economic integration.

Another success story for Malaysia in 2020 was the successful hosting for the second time, of the Asia-Pacific Economic Cooperation (APEC) 2020 Leaders' Summit, a momentous event that marked several notable accomplishments. Of particular significance was Malaysia's remarkable feat in hosting a major event virtually amid a global pandemic – a first-ever for APEC. Another achievement for Malaysia's APEC year was the adoption of the Putrajaya Vision 2040 and the 2020 Kuala Lumpur Declaration with the Putrajaya Vision 2040 replacing the Bogor Goals. The Putrajaya Vision sets the course for APEC in the next 20 years, with an overarching objective of creating an open, dynamic, resilient, and peaceful Asia-Pacific community for the wellbeing of the people of the region.

Despite the trials and tribulations encountered in 2020, the fact is that the Malaysian economy has strong fundamentals and, according to the World Bank and various international bodies, is robust enough to withstand the present challenges facing us and to emerge stronger and more resilient. The successful containment of the pandemic, coupled with the effective rollout and efficient distribution of vaccines, may well lead to a faster-than-expected recovery in consumer demand, greater investor confidence, and consequently, stronger recovery in domestic economic activity, in 2021.

YB DATO' SERI MOHAMED AZMIN ALI
Senior Minister
Minister of International Trade and Industry

2020 PERFORMANCE AND ACHIEVEMENTS AT A GLANCE

Trade Value

Value of Export
RM983.83 billion

Value of Import
RM800.48 billion

Trade Surplus
RM183.35 billion
largest since 1998

Manufacturing Sector

Manufacturing sector contribution
22.9% to GDP

Total exports of manufactured goods rose
1.1% to RM849.5 billion
[2019: RM840.6 billion]

Total imports of manufactured goods declined
6.4% to RM456.8 billion
[2019: RM488 billion]

Services Sector

Services sector contribution
57.7% or RM775.7 billion to the GDP

A decline of 5.5%
in terms of value compared to 6.2% in 2019

Top three exports & imports
comprised of electrical and electronics, petroleum & chemicals, as well as chemical products

Approved Investments in Manufacturing Sector

RM91.3 billion
in investments approved
an increase of 10.3% from 2019

62% or RM56.6 billion
Foreign investments

38% or RM34.7 billion
Domestic investments

Services Sector Trade

Services trade decreased 33.6% to RM232.7 billion
[2019: RM350.5 billion]

Exports of services fell to RM92.6 billion
[2019: RM169.8 billion]

Imports dropped to RM140 billion
[2019: RM180.7 billion]

Approved Investments in Services Sector

Services sector investment
RM70 billion

Domestic investments contribution
90.6% or RM63.4 billion
[2019: RM97 billion or 79.7%]

Foreign investments totalled
RM6.6 billion or 9.4%
[2019: RM24.7 billion or 20.3%]

Top five investments

- Real Estate **RM31.2 billion**
- Utilities **RM10.8 billion**
- Support Services **RM5.2 billion**
- Information & Communication **RM17.2 billion**
- Distributive Trade **RM3.7 billion**

Top Five Trade Partners

PRC	SINGAPORE	US	JAPAN	TAIWAN
18.6%	12.1%	10%	7.0%	5.2%

Collective Contribution:
52.8%
or RM942.6 billion
of total trade

Top Five Exporting Partners

PRC	SINGAPORE	US	HONG KONG SAR	JAPAN
16.2%	14.4%	11.1%	6.9%	6.4%

Collective Contribution:
55%
or RM541.2 billion
of total exports

Top Five Importing Partners

PRC	SINGAPORE	US	JAPAN	TAIWAN
21.5%	9.2%	8.7%	7.7%	7.2%

Collective Contribution:
54.4% or RM435.2 billion of total imports

ASEAN Trade Partners

ASEAN
remained an important & strategic trade partner for Malaysia

Top export destinations:
Singapore, Thailand, Indonesia, Viet Nam and Philippines

Trade value:
25.1% of Malaysia's total trade

Intra-ASEAN trade:
RM447.8 billion
decrease of 8.9%

Exports: 4.7% ↓

Imports: 14.7% ↓

Free Trade Agreements (FTAs)

Malaysia has signed 16 Free Trade Agreements
[7 bilateral agreements, 9 regional FTAs]

Trade with FTA partners
RM1.19 trillion
↓ 3.3%; 66.7% of Malaysia's total trade

Five top partners:
PRC, Singapore, Japan, Hong Kong SAR and ROK

TESTIMONIALS

"

The Government Agencies in Malaysia are proactive and supportive in facilitating the needs of the business ccommunity. That is pertinent to assist investors in strengthening their footprint in the country.

"

Anuj Sharma
Managing Director
Linde Malaysia

"

I believe that Malaysia's modernised information and communications technology (ICT) infrastructure and progress in its digital economy development are key reasons the country will continue to have a thriving business ecosystem, even in difficult times.

"

Michael Yuan
Chief Exeutive Officer
Huawei Technologies (M) Sdn. Bhd.

"

Malaysia is a favourable investment destination due to its sophisticated business ecosystem, business-friendly policies and robust infrastructure. Over the past 40 years, this has fostered AstraZeneca's expansion and strengthened our presence in Malaysia.

"

Dr. Sanjeev Panchal
Country President
AstraZeneca Malaysia

"

We are thankful to the Malaysia External Trade Development Corporation (MATRADE) who enabled us to continue marketing our Malaysian products internationally, with the use of digital technology. e-platforms provided by MATRADE enables companies to participate in online business meetings or eBizMatch, virtual trade exhibition as well as online product/services pitching.

"

Tan Sri Dato' Soh Thian Lai
President
Federation of Malaysian Manufacturers (FMM)

"

The Malaysia Productivity Corporation (MPC) engaged the Machinery and Engineering Industries Federation (MEIF), which is an umbrella organisation consisting of nine (9) machinery, equipment and engineering related associations with over 9,000 member companies, to undertake the challenges and implementation of the strategies, outlined in the Malaysia Productivity Blueprint (MPB), via the Machinery and Equipment Productivity Nexus (MEPN). With this strong private public collaboration, MEPN has introduced and carried out a number of initiatives and deep dive programmes to enhance productivity, embrace digitalisation and adopt Industry 4.0 through four (4) main platforms. These ongoing initiatives, jointly driven by the industry and MPC have created immeasurable awareness among the Machinery and Engineering Industry players that their future sustainability and growth lies in increased global competitiveness through enhanced productivity.

"

N. Sangaran
Secretary General
Machinery and Engineering Industries Federation (MEIF)

"

Malaysia's supportive economic environment has eased Infineon's facilities'set-up, introduction of research and development, and hiring and training of capable talents... together we will pave the way for future growth.

"

Dato' Peter Halm
Vice President and Chief Finance Officer
Infineon Technologies (Kulim) Sdn. Bhd.

"

The Malaysian Investment Development Authority (MIDA) and InvestKL have been there every step of the way to provide critical support and help problem-solve. They are now helping us to map out our post-COVID future, positioning Honeywell in the forefront of enabling Plastic Circularity and Decarbonisation.

"

Norm Gilsdorf
Honeywell President
Middle East, Russia and Turkey (MERT) & ASEAN

"Even during the pandemic, we believe that Malaysia remains as a great investment hub."

Lee Swee Lim
Deputy General Manager
Jinko Solar Technology Sdn. Bhd.

"The National Tech Association of Malaysia (PIKOM) has been working very closely with the Malaysia Productivity Corporation (MPC) over the years to ensure the fulfillment of the Malaysian Productivity Blueprint (MPB). We have collaborated in many programmes to support the aim to increase awareness of the importance of tech and digitalisation to businesses. The progammes included a conference between relevant agencies with the tech industry players on the funding facilities, dialogue sessions on talent development and networking sessions with tech providers. Moving forward, PIKOM is working with the Digital Productivity Nexus (DPN) on the Go BIG with Digital initiative. This will embed tech across all sectors of industry to realise the full benefits of digitalisation. This is done through a series of engagements by DPN with the other nexus to identify and address issues on digitalisation for each of the Nexus."

Nor Azlina Ishak
General Manager, Industry Affairs Division
National Tech Association of Malaysia (PIKOM)

"For 50 years, B. Braun has stood with Malaysia, investing appoximately RM4.4 billion suppported by 7,600 jobs opportunities. We shall continue to thrive in this blessed country."

Lam Chee Hong
President
B. Braun Asia Pacific

"The Malaysia External Trade Development Corporation (MATRADE) has demonstrated proactiveness, courage to try new things and keeping the burning desire to forge ahead no matter the challenges. I believe this is the kind of spirit we all need to nurture. That is a strong part of what makes for a winning formula for the nation."

Dato' Mohammad Medan Abdullah
Group Chief Executive Officer
Bintulu Port Holdings Bhd.

"Even during the global pandemic, Malaysia has demonstrated true resilience in managing the crisis and helping various business sectors to sustain and grow."

Remy Furnon
Head of Delivery Centre
Givaudan Business Solutions APAC

"For nearly 30 years, Microsoft is proud to have been in Malaysia and we are excited to further strengthen our partnership to empower the nation's inclusive digital economy."

Jean-Philippe Courtois
Executive Vice President and President
Microsoft Corp.

"We could not be more proud to partner the Malaysia External Trade Development Corporation (MATRADE) as an exhibitor overseas. The joint exhibition with MATRADE is more effective than an individual company, as we are representing the country when at exhibitions like K-Fair in Germany."

Seah Kian Hoe
Founder and Chief Executive Officer
Heng Hiap Industries Sdn. Bhd.

"The ease of doing business and the diverse talents in Malaysia have enabled the growth of our six (6) companies with 2,000 employees for the past 30 years."

Engleong Goh
Managing Director and Head
Malaysia-Singapore Business Area
BASF (Malaysia) Sdn. Bhd.

CHAPTER 1

INDUSTRIAL AND SERVICES SECTORS

OVERVIEW

In 2020, the global economy experienced its deepest recession since the Great Depression. Containment measures implemented in response to the COVID-19 pandemic caused global economic disruptions. The impact of the pandemic has weakened the labour market conditions, declined the firms' production activities, and heightened risk aversion among investors which weighed on countries' domestic demand.

Malaysia was not spared from the ravages of the pandemic. The impact was felt the most in the second quarter of 2020, particularly due to the implementation of the Movement Control Order (MCO) which saw Gross Domestic Product (GDP) contracting by 17.2%. Growth gradually improved in the second half of the year, partly supported by the improvement in external demand coupled with the reopening of the domestic economy amid a more targeted approach to containment measures. By the fourth quarter of 2020, the economy contracted by 3.4% bringing the full-year GDP performance in 2020 to contract by 5.6%, the biggest decline since 1998. Similarly, growth in the manufacturing sector also contracted by 2.6% compared with 3.8% recorded in 2019, as restriction on operations, supply-chain disruptions and subdued demand conditions impacted production activities.

Operations restrictions were lifted towards the end of the second quarter, and despite the severe impact of the pandemic, the electrical and electronics (E&E) as well as consumer-related clusters rebounded in production activity with growth returning positive by the third quarter of 2020. The E&E industry has benefited from greater demand associated with remote working, e-commerce, cloud-based services and healthcare products. This led to a surge in the global demand for semiconductor equipment in telecommunication, medical devices, and cloud computing, all of which are potential growing segments in Malaysia. Meanwhile, production in the primary and consumer-related clusters was supported by stronger pandemic-induced demand – particularly in the rubber gloves and pharmaceuticals, as well as fiscal support such as the sales and service tax (SST) exemption for the purchase of passenger cars.

The value of export in 2020 reached RM983.83 billion, surpassing the RM800.48 billion in import, resulting in a trade surplus of RM183.35 billion, which was the largest trade surplus since 1998. Malaysia's export declined 1.4% year-on year in 2020, compared with 0.8% in 2019. Export rebounded in the second half of 2020 as economy reopened.

Meanwhile, imports dropped as a result of movement restrictions imposed by countries all around the world, coupled with the decline in the consumption rate due to prudent spending. Despite all these, imports in December 2020 recorded a double-digit growth of 11% on a month-on-month basis.

The pandemic has certainly brought both near-term and potential long-term challenges in the services sector as business models and economic structures rapidly change. The pandemic exposed businesses to new risks ranging from supply chain disruptions to managing new channels of communication with both customers and suppliers.

Tourism-related sectors were greatly affected by the imposition of broad-based travel restrictions, while production disruptions in the global supply chain have negatively impacted activities in the manufacturing sector covering exports, professional services, transportation and warehousing, and manufacturing related services. International border closures worldwide have resulted in revenue from tourist arrivals in 2020 to suffer a drastic decrease to RM4.33 million (2019: RM26.10 million) while tourist receipts dropped to RM12.7 billion (2019: RM86.1 billion).

The Government had announced seven (7) stimulus packages worth RM340 billion in February 2020, to combat the economic impact of the pandemic. The stimulus can be classified into three (3) main strategies. These stimulus packages targeted specific areas of the economy that have been most-impacted.

STRATEGY 1

Protecting Social Welfare

STRATEGY 2

Supporting Local Businesses

STRATEGY 3

Strengthening The Economy

"The Government had announced seven (7) stimulus packages worth RM340 billion in February 2020, to combat the economic impact of the pandemic. The stimulus can be classified into three (3) main strategies. These stimulus packages targeted specific areas of the economy that have been most-impacted."

These stimulus packages targeted specific areas of the economy that have been most-impacted such as the tourism and small and medium-sized enterprise (SME) sectors, and are focused on tax relief, reskilling, and technology transformation, among other areas. While these measures are applicable to the general economy at large, they will positively impact and support the growth of the services sector and subsectors that are the most impacted.

The pandemic has significantly impacted the labour market. Employment growth contracted by 0.2% from 2.1% recorded in 2019, resulting in some 30,000 workers losing their jobs. The unemployment rate rose to 4.5% of the labour force from 3.3% in 2019, the highest in the past 30 years. Time-related underemployment recorded an increase to 367,000 persons or 2.3% of the labour force from 191 thousand persons, or 1.2% in 2019. This was mainly due to the imposition of movement and labour restrictions during the MCO in the second quarter. The situation eased towards the end of the year as some of these workers were re-employed when restrictions were lifted. Meanwhile, other segments of the labour force have yet to see a recovery. Consequently, the labour force participation rate declined slightly during the year, to 68.5% of the working age population from 69.1%, recorded in 2019.

BOX ARTICLE 1.1 Measures Taken to Sustain Economic Activities During Movement Control Order

The year 2020 was a remarkably difficult year not only for Malaysia but also for nations worldwide as the pandemic hit the world economy with ramifications impacting all communities and individuals. The Movement Control Order (MCO) Phase 1 from 18 March to 31 March 2020 announced by the Government following the spread of the COVID-19 pandemic was the beginning of a new norm that impacted the country and the world. The economic sector was severely affected by the closure of economic activities as a whole where only the essential activities were allowed to operate during the period, among others, the food and beverages sector; medical goods and devices as well as Personal Protective Equipment (PPE) and its supply chain.

The Ministry of International Trade and Industry (MITI) has been mandated by the Government to process applications from manufacturing sector and manufacturing related services (MRS) to operate during MCO period with strict compliance to Standard Operating Procedures (SOPs) issued by the National Security Council as well as the SOPs for the manufacturing sector and MRS issued by MITI in the effort to minimise the disruption to the supply chain particularly in the food and other critical essential sectors.

To ensure the continuity of the economic activities; prevent job losses among Malaysians and to allow access to basic necessities and critical products during the MCO period, a number of initiatives were established, as follows:

i. the operationalisation of a War Room at MITI which began on 18 March 2020 to manually process the applications received from manufacturing and MRS companies to operate during the MCO period. Representatives from MITI and Agencies were stationed at the War Room which operated 24 hours daily to ensure uninterrupted supply of essential goods in the country;

ii. the COVID-19 Intelligent Management System (CIMS) started on 13 April 2020 to digitalise the manual processing system. The CIMS system was initially developed to process applications for manufacturing and MRS companies, however the scope was expanded to process applications for other sectors such as the oil and gas; construction; and wholesale and retail. In 2020, a total of 329,031 applications were processed, of which 68,295 were applications from manufacturing and MRS companies;

iii. the Call Centre was set up on 18 March 2020, aimed to facilitate and resolve matters raised from the industry regarding CIMS and to respond to the frequently asked questions (FAQs) related to the economic sectors which were allowed to operate. The Centre continued to operate until 30 June 2020, where MITI recorded a total of 25,152 calls from the industry. A total of 190 officers from MITI and Agencies were deployed to the Call Centre from 9.00 am to 6.00 pm daily;

iv. a Complaint Centre was also established as an open platform for the industry to raise their concerns via email related to issues of non-compliance to SOPs. A total of 235 complaints were recorded during the operations period; and

v. the Enforcement Team was initiated to conduct enforcement activities on companies in ensuring compliance with the SOPs.

PERFORMANCE OF THE MANUFACTURING SECTOR

In 2020, the manufacturing sector contributed 22.9% to GDP, in which total exports of manufactured goods rose marginally by 0.8% to RM847.7 billion (2019: RM840.6) while imports declined by 6.3% to RM683.5 billion (2019: RM729.3 billion). The top three (3) products for exports and imports were E&E, chemicals and chemical products, as well as petroleum products. A total of RM91.3 billion in investments was approved in 2020, an increase of 10.4% from 2019. Of these, 62% or RM56.6 billion were foreign direct investments (FDI) while domestic investments constituted the remaining 38% or RM34.7 billion.

Malaysia aspires to be a leading aerospace nation in the next 10 years

the industry is expected to generate an annual revenue of

RM55.2 billion

and create

32,000 jobs

Aerospace

Since the late 1990s, the Government of Malaysia has recognised and identified the aerospace sector as a strategic industry that would play a pivotal role in the country's industrialisation and technological development. This sector is expected to create the pathway for future technologies and will be reflected in the upcoming Twelfth Malaysia Plan (12MP).

Since the implementation of key initiatives in the Malaysian Aerospace Industry Blueprint 2030, led by the National Aerospace Industry Coordinating Office (NAICO) under MITI, the domestic aerospace industry has demonstrated a steady growth in terms of revenue and export. Malaysia aspires to be a leading aerospace nation in the next 10 years, where the industry is expected to generate an annual revenue of RM55.2 billion and create 32,000 jobs. However, the COVID-19 pandemic had weighed heavily on Malaysia's aerospace sector, resulting in a sharp decline in revenue from RM16.22 billion in 2019 to RM11.6 billion in 2020.

Commercial aviation was the most impacted subsector due to the closure of international borders and limitation of domestic travel. It was reported that both aerospace manufacturing and the maintenance, repair and operation (MRO) businesses have been experiencing deferment of work orders. Most of the aerospace manufacturing and services activities were halted while some of the workforce were laid off due to the worldwide travel restriction which grounded both commercial and private aircrafts.

As aircraft manufacturers temporarily reduced their production rate to adapt to the new depleted market environment, there were also those in the supply chain ecosystem who took advantage of the slowdown in demand to channel their financial resources towards investing in new technology and capability development.

In 2020, trade in aerospace products amounted to RM16.4 billion, with an export value of RM9.3 billion and an import value of RM7.1 billion. This volume is expected to increase in 2021 with the resumption of orders as well as the addition of new outsourcing projects. Among the high value aerospace products produced in Malaysia for export include fan cowl, fan casing, thrust reverser, forward leading edge, aircraft doors, avionics equipment and carbon brakes.

The presence of foreign investors has further boosted the development of the local value chain and provided highly skilled employment opportunities to Malaysians. Among the foreign investors operating in Malaysia include Airbus, Boeing and Hexcel, Spirit AeroSystems, Honeywell, GE Aviation, Leonardo, Safran, UTC Aerospace Systems, and GKN Aerospace. Despite being hit hard by the COVID-19 pandemic, these global corporations continued to operate in Malaysia by implementing appropriate precautionary measures.

A total of seven (7) projects worth RM149.7 million were approved in the aerospace sector in 2020, with FDI amounting to RM91.7 million and domestic investment totalling RM58 million. These projects, which involved the aerospace manufacturing and MRO sectors supplying and servicing Tier 1 and Tier 2 companies, are expected to generate 278 new jobs.

The aerospace industry is seen to have a bright long-term prospect in becoming a developed industry.

MITI, through NAICO, keeps constant engagement with the local players in industry to support the development of the aerospace ecosystem in Malaysia.

In 2020, seven (7) projects worth

RM149.7 million

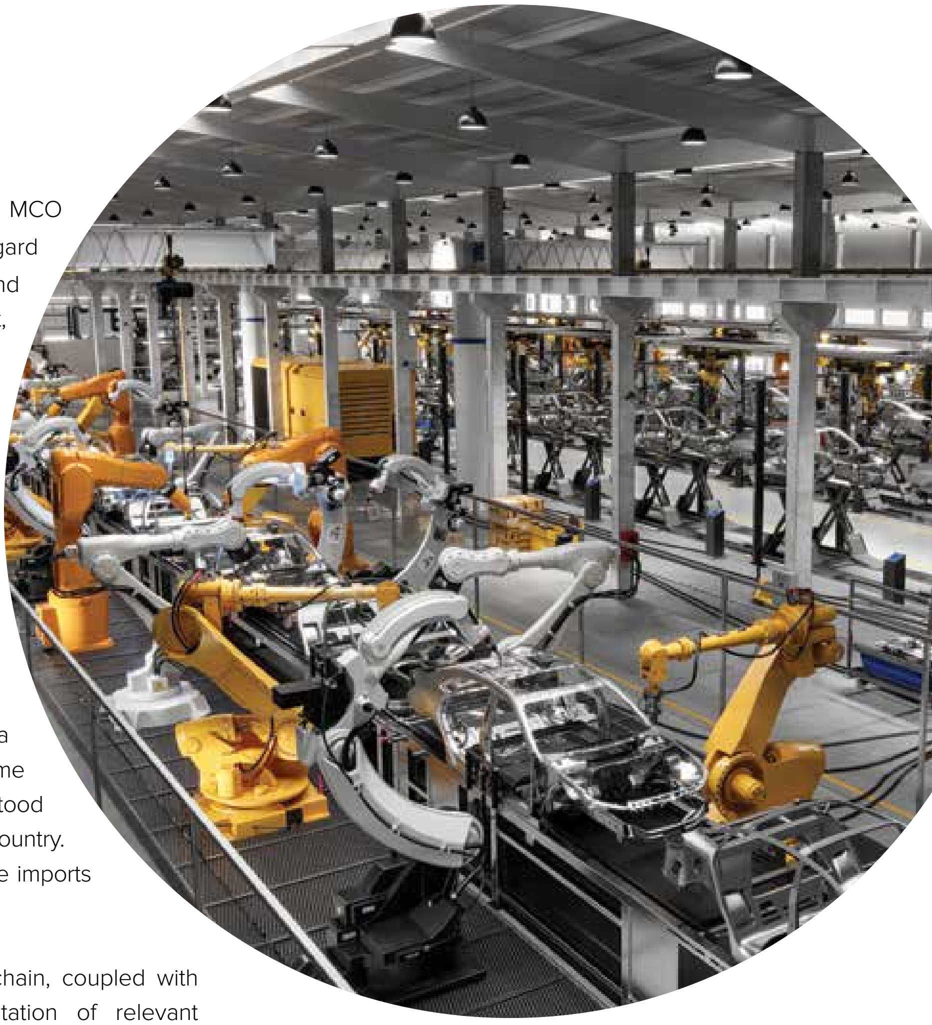
were approved in the aerospace sector

with FDI amounting to RM91.7 million and domestic investment totalling RM58 million

At the same time, the Government has also implemented various initiatives targeted to develop the Malaysian aerospace industry to mitigate the negative impact of the pandemic. The aerospace industry is seen to have a bright long-term prospect in becoming a developed industry. MITI, through NAICO, keeps constant engagement with the local players in industry to support the development of the aerospace ecosystem in Malaysia.

The Government, in tabling the annual national budget, has allocated RM15 million for the aerospace industry, which will be utilised to promote the ecosystem; empower the National Aerospace Centre of Excellence (CoE) under NAICO; promote the use of Industry 4.0 technologies to enhance competency, and to develop bio-based aerospace materials.

In addition, MITI, through SIRIM Berhad, will help to enhance the capabilities of local industry players through the Aerospace Quality Management System Certification Programme. The programme serves as the platform to create opportunities for local companies to become suppliers of parts and service providers to global aerospace corporations.



Automotive

The Government recognised the impact of the MCO on the automotive industry, particularly with regard to vehicle sales and distribution. To support and revive the motor vehicle sales, the Government, through the National Economic Regeneration Plan (PENJANA), which is an economic stimulus package to restart the economy post COVID-19, has agreed to exempt up to 100% in sales tax for completely-knocked down (CKD) passenger cars, and up to 50% on completely built-up cars (CBU) from 15 June to 31 December 2020. This was later extended to 30 June 2021.

In 2020, Malaysia recorded vehicle sales of 467,225 units of energy efficient vehicles (EEV)[1] across 133 models and 289 variants. This represented a penetration of 88.3% against the total industry volume of 529,434 in 2020. The total production volume stood at 485,186 units or 91.6% of all vehicles sold in the country. Motor vehicle exports generated RM1.5 billion while imports amounted to RM7.1 billion.

As a result of disruptions in the global supply chain, coupled with declining demand arising from the implementation of relevant measures to curb the COVID-19 pandemic, the export of automotive parts and components declined by 17.5% to RM11.3 billion. The export of remanufactured spare parts also decreased by 4.2% to RM0.69 billion. Despite the various challenges posed by the pandemic, the automotive sector managed to attract RM3.69 billion in investments which contributed 5.0% to the GDP in 2020. The total investments in 2020 were in addition to the approved investments worth RM19.24 billion since 2014.

Under the Automotive Industry Development Programme incorporated in the Eleventh Malaysia Plan (11MP), MITI has channelled RM82.2 million to the Malaysian Institute of Automotive, Robotics and IoT (MARii) to conduct capacity building and technology adaptation programmes to support the local supply chain and human capital development. Under the programme, some 498 vendors have reached Level 3 Competitiveness by 2020, which is the minimum level required to become vendors to Tier 1 original equipment manufacturers (OEM) in the country. Of these, 149 vendors have reached Level 4, where these companies are capable of carrying out research and development (R&D) activities. Another 66 vendors have successfully attained Level 5 Competitiveness, enabling them to become exporters in the global supply chain.

MARii
INSTITUT AUTOMOTIF ROBOTIK DAN IoT MALAYSIA
MALAYSIA AUTOMOTIVE ROBOTICS AND IoT INSTITUTE
(Previously known as the Malaysia Automotive Institute)

Under the Automotive Industry Development Programme incorporated in the Eleventh Malaysia Plan (11MP)

MITI has channelled RM82.2 million to the Malaysian Institute of Automotive, Robotics and IoT (MARii) to conduct capacity building and technology adaptation programmes to support the local supply chain and human capital development

[1] **EEV** are defined as any vehicle that meets a set standard of fuel consumption (l/100km) and carbon emissions (g/km). An EEV can be any type of powertrain and alternatively fueled vehicles - internal combustion engine (ICE), electric vehicles (EV), hybrids, fuel cells, compressed natural gas (CNG), liquefied petroleum gas (LPG), biodiesel, ethanol, etc.

Other programmes to strengthen the capacity of local vendors include MARii Simulation and Analysis Centre (MARSAC) Training Programme; MARii Additive Manufacturing Technology Centre (MAMTEC) Training on Additive Manufacturing (AM); Digital Design Smart Collaborative Platform (DDSCOP); and Smart Predictive Maintenance Data System (SPMDS).

In addition, several local talent development programmes were also conducted, among others, the Automotive Industry Certification Engineering (AICE) programme, Industry Led Professional Certificate (IPC), and Graduate Apprenticeship Programme (GAP). To revive the country's economy which has been affected by the COVID-19 pandemic, a number of new programmes were introduced under PENJANA such as the Employability and Retraining Local Talent Programme (ERT) and Reskilling and Re-employment Programme within PERODUA ecosystem (REPEAT).

In the field of technology application, a total of 83 automotive companies have participated in the Readiness Assessment (RA) programme under the National Policy on Industry 4.0 (Industry4WRD). Apart from the RA, other programmes include the Digital Engineering and Prototyping (DEP), the Augmented Reality (AR), and the Computer-Aided Engineering (CAE) where MITI and MARii have provided cloud computing services to 641 vendors; training to 1,158 design engineers and data analysts; and 2,722 design validation and virtual reality specialists.

To revive the country's economy which has been affected by the COVID-19 pandemic

new programmes were introduced under PENJANA such as the Employability and Retraining Local Talent Programme (ERT) and Reskilling and Re-employment Programme within PERODUA ecosystem (REPEAT)

National Automotive Policy 2020

The fourth version of National Automotive Policy (NAP 2020) was launched by the then Prime Minister, YAB Tun Dr. Mahathir Mohamad on 21 February 2020. The NAP 2020 aims to transform the Malaysian automotive industry via connected mobility, in line with the global digital transformation experienced by all sectors of the industry.

The NAP 2020 has outlined 56 policy measures towards realising the aspiration. Highlights of the initiatives:

i. Development of standards for EEV next-generation vehicles (NxGV), electronic vehicle information center (EVIC), Biodiesel, Vehicle Inspection (Roadworthiness and Used Vehicle Evaluation), 3S and 4S by National Standards Committee – Transport under the Department of Standards, Malaysia. The EEV and NxGV standards are targeted to established by 2021;
ii. Development of new customised incentive framework;
iii. Determination of CKD definition by aligning it with Customs Regulation;
iv. Consideration for the development of an NxGV test bed to facilitate local testing and development of NxGV;
v. Implementation of Biodiesel B20 use in the transportation sector;
vi. Collaboration with entrepreneurial development Agencies on the transformation and expansion of workshop;
vii. Consumerism initiatives on safety and environment for vehicle, parts and components;
viii. Promote localisation of NxGV critical parts and components; and
ix. Establishment of an Authorized Automotive Treatment Facility (AATF) in line with the MS 2697:2018 which serves as a reference standard to licensed facilities that are authorised to receive and process used components from End of Life Vehicle (ELV) or End of Life Product (ELP).

For the purpose of monitoring and coordination, a governance structure was established comprising several Committees and Working Groups to ensure that the implementation of NAP 2020 will serve its objective to facilitate the continued development of the entire local automotive ecosystem.

Chemicals and Petrochemicals

Petroleum and chemicals, including chemical products, were Malaysia's second and third highest exporting industries in 2020, contributing 6.3% and 5.2% of the nation's total exports respectively. However, the pandemic in 2020 had impacted the sector where exports of chemicals and chemical products declined by 11.8% year-on-year to RM50.69 billion; exports of petroleum products declined by 13.4% to RM61.90 billion, and exports of plastic products dipped by 12.0% to RM13.17 billion. The same downward trend was observed in the imports of chemicals and chemical products which fell by 10.0% to RM73.46 billion; petroleum products by 22.6% to RM59.96 billion; and plastic products by 3.5% to RM11.48 billion.

The chemicals and chemical products industry were among the major contributors to Malaysia's total approved foreign investments in 2020, attracting RM4.6 billion in value. Petroleum products, including petrochemical, was another sector that contributed significantly to FDI, recording a value of RM2.9 billion. Similarly, the petroleum sector recorded a high domestic investment value, with total domestic direct investments (DDI) value of RM12.6 billion, representing 36.3% of total approved domestic investments, followed by chemicals and chemical products which recorded RM1.6 billion in domestic investment. The chemical industry, which is generally cyclical in nature, has just experienced a downturn in tandem with plummeting gas prices in 2020. The prices of chemicals were also generally low except for certain chemicals that were used to produce personal hygiene and personal care products such as sanitisers. One of the hardest hit segments was petrochemicals and polymers, which experienced a downturn due to falling prices in 2020.

However, the sector is due for a recovery where chemical products such as ethylene spread and naphtha registered an increase in demand, and prices improved from USD322/ton in 2019 to USD342/ton in 2020. Prices of chemicals had also increased due to the short supply and huge demand of the materials used to produce hand sanitisers and other cleaning products.

Digitalisation has enhanced efficiency and contributed in cost savings in the manufacturing process. Electrification of the sector is also underway with major petroleum companies opting for renewable electricity instead of fossil fuels. In addition, the circular economy concept has been steadily gaining traction with projected yields of up to USD4.5 trillion globally in economic benefits until 2030.

Moving forward, the industry is urged to venture into specialty chemical to achieve higher revenues as well as to avoid external shocks from market cyclicity. Among the top segments of specialty chemicals are electronic chemicals, specialty polymers and nutraceutical ingredients due to rising demand from middle-income segment of the population. These chemicals are widely used in key sectors such as automotive, electronics, household care products, and food services industry.

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 2020, the E&E sector registered 148 new approved investments valued at RM15.6 billion which are expected to create 19,541 jobs. Of these, domestic investments accounted for RM2.1 billion or 13.5% while foreign investments totalled RM13.5 billion (86.5%). Encouraged by foreign investors' confidence to invest in Malaysia, which is a manifestation of their continued trust in the country's investment environment, existing E&E companies have continued to expand and diversify their operations in Malaysia.

During the period between 2016 to 2019, a total of 429 E&E projects worth RM55.74 billion were approved. Of these, RM7.14 billion were domestic investments while foreign investments recorded a value of RM48.6 billion. The presence of long-term E&E global investors has created many spill over effects in terms of developing local capabilities, which has enabled Malaysian companies to become homegrown champions that are well-positioned to compete globally.

The Malaysian E&E industry today employs approximately 575,000 people

In terms of productivity, the E&E subsectors recorded 4.5% productivity growth, the highest among the nine (9) priority subsectors

Despite the challenges posed by the COVID-19 pandemic,

Malaysia's trade for E&E goods managed to bring in RM638.9 billion in 2020

an increase of 3.3%

over the RM618.7 billion recorded in 2019

Over the past few decades, the E&E industry has successfully attracted large amounts of foreign investment, and in the process, the industry has provided a huge number of jobs for Malaysians. The Malaysian E&E industry today employs approximately 575,000 people. In terms of productivity, the E&E subsector recorded 4.5% productivity growth, the highest among the nine (9) priority subsectors. Despite the challenges posed by the COVID-19 pandemic, Malaysia's trade for E&E goods managed to bring in RM638.9 billion in 2020, representing an increase of 3.3% over the RM618.7 billion recorded in 2019. The E&E products registered an export value of RM386.1 billion representing 39.4% of the RM847.7 billion total manufactured goods exported. The top five (5) export markets for E&E in 2020 were Singapore, Hong Kong Special Administrative Region (SAR), People's Republic of China (PRC), the United States of America (US), and Japan, which collectively accounted for 65.8% of total E&E exports. The Singapore market alone contributed 18.1% towards the RM69.8 billion in E&E exports.

Malaysia's E&E export in 2020 recorded an increase of 3.5% over those in 2019, while import rose to RM252.8 billion (2.9%). The increase in export was attributed to the surge in demand for semiconductor used in work-from-home appliances, servers and medical devices.

Talent is highly sought after by the multi-national corporations (MNCs), SME, and limited liability companies (LLC) which constitute the players in the industry. Having the right talent is crucial in enabling the E&E industry to advance to the next level.

Towards this end, MITI and Malaysian Investment Development Authority (MIDA) have taken the initiative to support local human resource and talent development under the 12MP. Under the 12MP (2021-2025), MITI has allocated a training budget of RM25 million, of which RM3.5 million will be used in 2021 to conduct hands-on talent development programmes for front-end E&E workers. These programmes, to be conducted in collaboration with industry experts and members of the academia, will equip talents in the E&E sector with the right skills set, particularly in integrated circuit (IC) design and embedded hardware/software.

Through MIDA, MITI will collaborate with industries and universities to conduct dedicated training programmes tailored to provide participants with hands-on knowledge and experience that is relevant to the industry's need. The programme targets to train at least 2,000 participants by the year 2025.

Another RM20 million under the Domestic Investment Strategic Fund (DISF) has been allocated for a post-school finishing programme in integrated circuit design (PSFP-IC). Conducted in collaboration with the relevant Government Agencies, industry players and academia, the PSFP-IC will focus on developing local talent in the area of IC design and will serve as the platform to provide a sustainable and resilient talent pool for the semiconductor industry. The programme targets to train up to 1,000 fresh graduates in the field of IC design.

Industry 4.0

A total of RM26.75 million was approved in 2020, to support the implementation of various initiatives under the Industry4WRD policy. These include promoting the adoption of Industry 4.0 technology, human capital development, and infrastructure upgrading to build the base for driving Industry 4.0 in Malaysia.

A flagship programme, Industry4WRD RA, was conducted in 2020 to support the transition and migration of SMEs towards the adoption of Industry 4.0. A total of 629 companies have applied to participate in the government-funded assessment programme, out of which 377 SMEs have been selected. Of these, 176 companies have completed the RA and have applied to participate in the intervention programme which offers a 70:30 matching grant capped at RM500,000 for each company. Eighty-two companies have obtained the approval to undertake the Industry 4.0 Intervention programme.

Skills and talent in Industry 4.0 is fundamental in reshaping the job landscape which will see significant changes in the way jobs are being performed. Under the reskilling and upskilling programmes, 442 workers from 67 SMEs that have successfully completed the RA have been selected to undergo the RiSE4WRD Reskilling Programme. In addition, 830 trainers have completed the Train-the-Trainer Programme jointly conducted by the Ministry of Human Resources (MOHR) and Ministry of Higher Education (MOHE). The programme targets to improve skills in Industry 4.0 pedagogy. Apart from this, under the Fourth Industrial Revolution (4IR) Competence Centre programme, 11 competency centres have upgraded their facilities; four (4) universities have completed the University Revolution Teaching Factory (URTF) programme, and another four (4) universities have accomplished the Makers@University programme.

High-speed broadband (HSBB) connectivity is a key enabler for scaling up to the adoption of Industry 4.0 technologies. To meet this need, 37 key industrial areas and training centres throughout the country have been identified for last-mile HSBB connectivity. By adopting Industry 4.0 technologies, these centres will enhance inter- and intra-digital connectivity between industry, education and training hubs. To date, 35 out of 37 sites have completed their HSBB connectivity.

The Smart Partnership Collaborative Platform (SPCP) is a collaboration platform between MNCs and SMEs to boost high-tech manufacturing adoption. The project aims to increase the company's productivity, up-skill local talent, and create new jobs and new technology locally. Three (3) MNCs are acting as anchor companies with each MNC having 15 SMEs under their supply chain. These MNCs have also collaborated to complete three (3) projects focusing on Industry 4.0 technologies such as Internet of Thing (IoT), Simulation Technology, Cloud Computing, Augmented Reality (AR) Technology, 3D Simulation and Additive Manufacturing.

Smart Manufacturing Intelligent Service Platform (SMISP) aims to develop cost effective, flexible and reliable technology solutions to accelerate the adoption of Industry 4.0 technology and enhance the Industry 4.0 technology ecosystem to support the manufacturing sector. In 2020, six (6) factories have been selected as pilot sites for SMISP, whereby they will leverage on Industry 4.0 technologies to enhance the efficiency in their machine and business processes, and consequently enjoy a 10% productivity improvement.

BOX ARTICLE 1.2 Industry4WRD Readiness Assessment

Industry4WRD Readiness Assessment (RA) is a comprehensive programme to help firms assess their capacities, potentials, and competencies to adopt Industry 4.0 technologies and processes through a pre-determined set of indicators to understand their present status. Specifically, the objectives of the assessment are to:

i. determine the firm's state of readiness to adopt of Industry 4.0 technologies;
ii. identify the gaps and areas of improvement for Industry 4.0 adoption, including opportunities for productivity improvement and growth; and
iii. develop feasible strategies and plans to perform outcome-based intervention projects.

The strength of this assessment is dependent on the three (3) main shift factors namely people, process, and technology. It is supported by eight (8) thrusts and 21 dimensions. To view the capabilities and readiness of small and medium-sized enterprise (SME) companies towards the implementation of Industry 4.0, this assessment is divided into five (5) profiles namely conventional, newcomer, leaner, experienced, and leader.

Companies participating in Industry4WRD RA are entitled for incentives in the form of Government funding and intervention of up to RM500,000 for the SMEs, and/or tax deduction for the SMEs, limited liability companies (LLCs), and multi-national corporations (MNCs) that are not eligible for the Government funding.

Iron and Steel

The COVID-19 pandemic has also had a negative impact on the steel sector. The Organisation for Economic Co-operation and Development (OECD) Steel Committee in its meeting had highlighted the significant contractions recorded in steel productions in 2020. In addition to the price decline, the sharp increase in raw material prices over the past year has worked to weaken average profit margins in the steel industry. The OECD forecasts that the global steel demand is expected to recover only partially in the near term, with the level of finished steel demand in 2021 expected to remain below pre-pandemic levels in most jurisdictions.

Malaysia's domestic steel industry showed similar impact trends subsequent to the pandemic and the MCO in early 2020. However, export markets for non-ferrous segment such as aluminium not alloyed, and alloy with bars and steel bars began to pick up in 2020, contributing to the majority of exports amounting to RM10.5 billion and RM4.38 billion respectively compared to the previous year. Import trends have also changed last year with a marked 41% increase in aluminium waste imported into Malaysia compared with similar imports in 2019. Additionally, imports of hot rolled coil had decreased by 35% in tandem with the decrease in demand for flat products used in the manufacturing sector, due to the pandemic.

The industry's performance in 2020:

i. 61 projects involving the manufacture of basic metal and fabricated metal products were approved during the year. These brought in RM16.3 billion in investments, which represented an increase of RM1.79 billion over 2019's figure;
ii. 43 of the projects have contributed RM16 billion towards the total investments;
iii. RM14.6 billion of the investments were from foreign sources;
iv. the approved projects are expected to create 7,054 employment opportunities;
v. total exports of iron and steel products increased from RM22 billion in 2019 to RM23.5 billion in 2020; and
vi. total imports decreased from RM31.2 billion in 2019 to RM24.3 billion in 2020.

Following the submission of the White Paper on the Iron and Steel Industry prepared by the domestic steel industry players in April 2019, a Revised Iron and Steel Policy was approved by Cabinet in November 2020. The revised policy aims to enhance the industry's competitiveness globally and boost the capabilities of the local steel players towards long-term sustainability. It seeks to balance policy measures with the need of the domestic industry towards ensuring they remain competitive and sustainable. Apart from promoting international trade and investments in the sector, the revised policy also aims to assist industry players in their recovery amidst global uncertainties.

BOX ARTICLE 1.3 Update on the Iron and Steel Policy

The industry submitted its proposal to the Government through the Iron and Steel White Paper in 2019, which outlined 68 policy recommendations and the way forward by leveraging the strength of existing players and the policy support needed. The White Paper identified seven (7) transformational drivers necessary for the industry to transcend further:

i. catalysing new growth markets for the iron and steel industry;
ii. Introducing development-oriented policies that support accelerated growth to ensure a conducive and business-friendly environment;
iii. positioning technology at the forefront of all iron and steel development initiatives. This driver aims to promote technological advancement and the development of new steelmaking capabilities;
iv. equalising the development in all segments of the value chain to enhance value at each and every stage in the production chain and minimise cost pass-throughs;
v. strengthening all institutions and enforcement activities that are strategic to the development of the industry;
vi. facilitating the consolidation of the industry to enhance capacity utilisation and boost competitiveness of the industry; and
vii. prioritising national interests to mitigate impacts from global steel overcapacity, political volatility, and unfair trade activities that stand to harm the local industry.

A review on the Iron and Steel Policy was conducted in 2020 based on the recommendations in the Iron and Steel White Paper that can be addressed through existing short-term measures. The revised policy was announced in December 2020 aimed at ensuring a balance between sustainable development of the domestic industry and the promotion of international trade and investment. The revised Iron and Steel policy provides the much-needed breathing space by the industry before a more comprehensive foresight study is undertaken for the sector that will be subsumed under the New Industrial Masterplan, envisioned as the framework that will chart the way forward for the iron and steel industry to be stronger, more resilient and advanced; self-sufficient and sustainable; and able to regain its regional steel leadership within Southeast Asia.

Machinery and Equipment

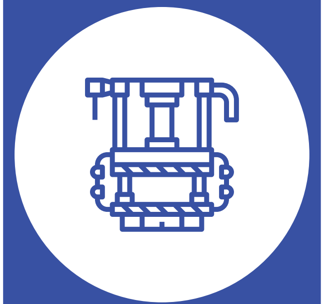
The Machinery and Equipment (M&E) industry is a strategic component to the country's economic transformation agenda as it is interconnected with major economic segments such as manufacturing and services. The M&E industry is one of the most innovative sectors in the economy which utilises advance technologies in the fields of electronics, robotics, and materials and software integration.

The M&E industry can be categorised into four (4) subsectors namely:

①

Specialised Machinery for Specific Industries

②



Power Generating Machinery and Equipment

③

Metalworking Machinery/Machine Tools

④

General Industrial Machinery, Equipment and Parts

A total of 87 M&E projects with an investment value of RM6.7 billion were approved in 2020. This represented a significant increase of more than RM3 billion compared to the RM3.6 billion investment recorded in 2019. Of these, 48 were new projects worth RM3 billion (44.8%), while 39 were expansion/diversification projects involving the remaining RM3.7 billion (55.2%). The majority of the approved investments were from foreign sources amounting to RM4.7 billion or 70.1%, while the remaining RM2 billion or 29.9% were DDI. The approved projects are expected to create 4,384 jobs during the implementation period. The specialised machinery for specific industries subsector was the largest contributor of investment for 2020, accounting for a total of 21 projects worth RM4.5 billion in investments – a significant increase of RM2 billion from the RM2.5 billion achieved in 2019. The general industrial machinery, equipment and parts subsector ranked second in terms of approved investments, generating RM1.7 billion, almost RM1 billion higher than the 2019 value of RM734.2 million.

The value of exported M&E products has increased from RM37.7 billion in 2016 to RM39.4 billion in 2020, indicating rapid industry growth, supported by companies focusing on high-tech products such as semiconductors, smart machines, advanced metrology and laboratory analytical equipment, robotics, and autonomous vehicles. The global COVID-19 pandemic has encouraged companies to use technology more aggressively. This shift in business model is in alignment with Malaysia's transition to a cutting-edge technology industry, with capital-intensive ventures to boost productivity and competitiveness.

To enable Malaysia to stay in line with global trends and further enhance its competitiveness, the M&E industry is encouraged to engage in specialisation and invest in new technologies, including developing new talent skills among the existing workforce. In this regard, the Machinery and Equipment Productivity Nexus (MEPN) 2019-2020 has undertaken 14 projects to empower the workforce, increase productivity through knowledge sharing with industry and technology experts, and enhance growth in the M&E ecosystem. To date, all projects under the MEPN implementation plan have progressed according to plan.

Medical Device

The medical devices industry in Malaysia spans a wide range of industries from rubber and latex, textiles, plastics, machinery, engineering support, and electronics. There are more than 200 medical devices manufacturers in Malaysia, the majority of which are SMEs involved in the production of medical gloves and other disposable medical products. Malaysian glove companies supply 60% of the world market for rubber gloves.

In 2020, Malaysia's trade in medical devices was valued at RM36.7 billion, of which 82% were exports and 18% imports

Exports of medical devices grew 24.9% to RM30 billion (2019: RM24 billion)

Imports increased by 4.5% to RM6.7 billion (2019: RM6.4 billion)

Apart from rubber gloves, Malaysia is also the world's leading producer and exporter of catheters, supplying 80% of the global demand. Malaysia exports over 90% of medical devices manufactured in the country including higher value-added and technologically advanced products such as cardiac pacemakers, stents, implantable orthopaedic devices, including electro-medical, therapeutic and monitoring devices. However, Malaysia is still highly dependent on imports for selected high-end products namely pacemakers, implantable defibrillators, implantable infusion pumps, heart valves, inter-uterine contraceptive devices and neurological catheters.

In 2020, Malaysia's trade in medical devices was valued at RM36.7 billion, of which 82% were exports and 18% imports. Exports of medical devices grew 24.9% to RM30 billion (2019: RM24 billion) and imports increased by 4.5% to RM6.7 billion (2019: RM6.4 billion). In terms of investments, 51 projects worth RM6.1 billion were approved in 2020, of which, 22 were new projects with investments of RM5.52 billion (90.5%) and 29 expansion/ diversification projects worth RM579 million (9.5%).

The COVID-19 pandemic has given the opportunity for the medical devices sector to explore the possibility of making Malaysia a Medical Devices Hub. Studies have revealed that the supporting industry has chosen Malaysia to be their global supplier for medical parts and components. Several medical equipment companies have noticeably started to make Malaysia as their distribution hub in the Asian region. Thus, Malaysia should capitalise on these developments to achieve its aim of becoming the medical devices hub; to expand its products and services range to include new offerings such as sterilisation services, sterile medical packaging, precision engineering, and to move up the supply chain from providing tool and die making services to venturing into contract moulding and assembly, and manufacturing machinery in the future.

Cement

The cement industry is one of the strategic industries in Malaysia, supporting other industries such as real-estate, construction, and infrastructure development. The industry contributes to the economic growth and the development of human resources primarily through hiring, training and utilising local workers and suppliers. There are currently 20 cement companies licensed by MIDA to operate in in the country. They supply cement-based products such as portland cement, aluminous cement, slag cement, super-sulphate cement and hydraulic cements.

The trade in the cement industry in 2020 amounted to RM665.1 million with exports going to Singapore, Bangladesh, and Australia, while the raw materials were imported from Viet Nam, Taiwan and Republic of Korea (ROK). The industry experienced a significant 46.3% drop in trade in 2020 compared to trade recorded in 2019. This was mainly due to the effort to curb the spread of the COVID-19 virus, whereby the Government ordered that all non-essential businesses including cement manufacturing to temporarily close down for the duration of the MCO. Even when the construction industry reopened, the Governments' efforts to contain infections among foreign nationals in the construction industry contributed to the slack in demand. Additionally, the property market is expected to be moderate over the next three (3) years. Factors such as the weakening currency; the increase in coal prices, and property overhang are also expected to contribute to a slow growth in demand.

The main challenge for the cement industry is to transform the way it operates and move away from the traditional method of producing cement to a more sustainable business model that reduces toxic emissions from the production towards adopting carbon-conscious business model in the future.

Glass

Malaysia produces six (6) types of glass products comprising float/flat glass, pattern glass, low emissivity (Low-E) glass/solar glass, coated glass, fiberglass and glass fabricated products, and recycled glass. The strength of the local glass industry lies in the availability of raw materials such as limestone, silica sand and dolomite which can be found in abundance in Johor, Perak, Kedah, Terengganu and Malacca. In addition, the availability of reputable solar modules producers such as First Solar, Q-Cells, and AUO SunPower makes Malaysia the preferred choice for float glass and solar glass manufacturers.

The total trade in glass products in 2020 amounted to RM6.97 billion, a slight decrease from RM7.75 billion recorded in 2019. RM4.08 billion worth of glass and glassware products were exported during the year while imports amounted to RM2.89 billion. ROK, India and Indonesia were among the major export markets, while main source of imports included Viet Nam, Indonesia and Japan.

The glass industry attracted five (5) new projects worth RM954 million in 2020, creating 422 jobs. Glass and glass products fall under the promoted list and can be considered either for Pioneer Status (PS) or Investment Tax Allowance (ITA). The promoted products include crystallised or moulded glass in the form of bricks, tiles, slabs, pellets, paving blocks and squares; and artware, ornaments and small-scale articles made of glass.

From the global outlook, there is increasing awareness on the benefits – in terms of safety, security and energy savings, of using glass in building and construction. This is expected to drive the flat glass market over the next forecast period. Tempered, laminated and insulated glass are also expected to gain popularity in the future due to their increasing applications in the construction and automotive industries. Apart from this, solar glass, including smart and low-e glasses, are used in solar cells/ modules and these applications are expected to propel market growth for the glass industry.

Industrialised Building System

Industrialised Building System (IBS) is a technique of construction whereby components are manufactured in a controlled environment, either onsite or offsite, then placed and assembled into construction works. The adoption of IBS has led to the reduction of unskilled labour, especially foreign workers, on the construction site. The conventional construction method relies heavily on the efforts of general workers, as such, the IBS was introduced in Malaysia to overcome the dependency of foreign workers in the construction industry. Fast-tracking the adoption of IBS in public and private sector projects and propelling the IBS supply chain throughout the country are crucial initiatives under the Construction Industry Transformation Programme (CITP) 2016-2020. Moving forward, the National Construction Policy (NCP) 2030 has continued to outline the importance of enhancing productivity in the construction industry. NCP 2030 also emphases the importance of skills training in IBS technology, particularly in component assembly, to systematically develop local skills along the IBS ecosystem and its supply chain.

Eight (8) projects to manufacture IBS components were approved in 2020. These projects brought in RM311.2 million in investments and created 558 job opportunities. Over the last five (5) years, there has been a steady increase in the number of IBS players in the country. To date, there are 320 newly registered IBS manufacturers, 6,592 IBS professionals, and 10,719 registered IBS installers. However, the number of registered IBS contractors have dropped significantly from 12,453 in 2019 to 4,139 in 2020.

Moving forward, the implementation of IBS in both Government and private sectors will have a positive impact not only on the IBS component manufacturing sector, but also on the construction industry as a whole. Through the incentives offered for IBS component manufacturing, local IBS players are able to upgrade their capacity to produce high technology-based IBS components in line with the Government's Industry4WRD policy.

Pharmaceuticals

Malaysia has a small market for pharmaceutical products. About 70% of its generic medicines are made locally and most of these products are procured by the Government. Although these medicines are locally made, local pharmaceutical manufacturers rely heavily on the import of pharmaceutical ingredients or medicaments especially for lifestyle diseases such as high cholesterol, diabetes, cardiovascular and cancer.

The first MCO imposed in March 2020 posed some significant challenges to the pharmaceutical industry particularly during the phase of 50% plant capacity, which caused increased back log in orders and stock planning. Pharmaceutical companies reported loss of efficiency; decline in demand; lack of R&D activities; and slowdown in sales due to the movement restriction, all of which contributed to high revenue loss. However, continuous Government facilitation in the second half of 2020 allowed pharmaceutical companies to meet the country's demand for pharmaceutical products. In 2020, trade in pharmaceutical products was valued at RM10.1 billion, representing an increase of 4.02% over the RM9.7 billion registered in 2019. Exports grew by 0.3% to RM1.95 billion (2019: RM1.94 billion) while imports increased by 5.2% to RM8.16 billion (2019: RM7.76 billion).

Twelve projects with a total investment value of RM152.83 million were approved in 2020. Of these, seven (7) were new project with investments of RM93.42 million (61.1%) and five (5) were expansion/diversification projects worth RM59.41 million (38.9%). Foreign investments made up 13.7% or RM20.95 million of total investment while domestic investments represented the remaining 86.3% or RM131.89 million. These projects are expected to generate 416 new jobs.

There are currently more than 30 pharmaceutical companies operating in Malaysia and they have the capability to produce generics in almost all dosage forms, including sterile preparations, injection and soft gelatine capsules for antibiotics, injectables, painkillers and health supplements. Some of these companies have started to engage with foreign pharmaceutical companies to manufacture local vaccines starting with Fill and Finish model using existing facilities. Industry players should capitalise on the opportunity to produce vaccines for the Malaysian and international markets to strengthen local pharmaceutical industry.

Processed Food and Agro-Based Products

The Food Processing Industry is identified as one of Malaysia's main economic pillars, contributing up to 10% of the nation's manufacturing output. The industry offers strategic investment opportunities particularly in high value-added food products, supported by robust infrastructure, well-integrated supply chain, as well as supportive and business-friendly policies. The industry is predominantly Malaysian-owned and dominated by SMEs (80%). Over the years, the industry has become increasingly sophisticated, driven by competition from imported produce coupled together with changes in lifestyle which has led to an increase in the demand for convenience and health food.

Although the COVID-19 pandemic has directly caused major disruptions to the global supply chain especially to the movement of goods and services, the food processing trade grew 6.8% to RM43 billion in 2020 from RM42.05 billion in 2019, and accounted for 2.4% of Malaysia's total trade. This was partly due to the Government's policy in allowing the essential sector to continue their operations during the MCO. The main products comprised edible products and preparations (RM13.99 billion), cocoa and cocoa-based preparations (RM6.28 billion), dairy products (RM5.72 billion), sugar and sugar confectionery (RM5.14 billion); and cereals and flour preparations (RM4.86 billion).

In 2020, 98 projects worth RM3.3 billion in investments were approved. Of these, RM900 million were FDIs while the remaining RM2.4 billion were from domestic investments. Malaysia is a net importer of agro-based products with imports totalling RM33.13 billion; far exceeding the RM9.61 billion in exports, indicating the huge demand for raw food in the country's food processing industry.

The pandemic has brought attention to the need to address issues relating to food security, particularly concerning its accessibility during crises. Malaysia's ranking in the Global Food Security Index (GFSI) has dropped from 28th placing in 2019, to 43rd in 2020. This was largely due to the country's long-standing high dependency on food import, including the high dependency on natural resources for economic output. Under the National Agrofood Policy 2.0 which gives high priority on food security, the country is moving towards building a conducive and sustainable ecosystem for the agri-food industry. The policy also targets to promote investments in upstream and downstream industries, including the support services to enhance the capacity of the food industry. The food processing sector is also expected to be more modernised, competitive, and commercialised in tandem with the Government's Industry4WRD aspiration.

BOX ARTICLE 1.4 Halal Industry

The year 2020 has been both unprecedented and extraordinary. Despite widespread devastation caused by the global pandemic, several notable achievements were recorded from the overall performance of the Malaysian halal industry in 2020.

Malaysia recorded an increase of RM0.2 billion (1.25%) in domestic direct investment into Malaysian halal parks in 2020, signalling the strong potential of the local halal industry, despite the many ongoing challenges. To date, Malaysian halal parks have attracted a total of RM16.1 billion in investments since 2011. Of these, foreign direct investment (FDI) accounted for RM9.5 billion or 59% while the remaining 41% or RM6.6 billion were from domestic direct investment (DDI). Some 295 companies are currently operating in the 21 halal parks spread across Malaysia, with 42 companies (14.3%) being multinational corporations (MNCs), while 253 companies (85.7%) are locally-owned corporations.

At the global arena, Malaysia once again emerged as the leading country in the Annual Global Islamic Economy Indicator (GIEI) 2020/21. This is the eight (8) consecutive years that the country has come out top in four (4) out of six (6) categories in the list. Malaysia is the leader in the Halal Food; Islamic Finance; Muslim Friendly Travel; and Pharmaceutical and Cosmetics sectors. The country also ranked second and fourth in the Media and Recreation; and Modest Fashion sectors respectively, in the Annual State of the Global Islamic Economy (SGIE) Report produced by international strategy research and advisory firm DinarStandard.

With travel restrictions limiting not only the movement of people but also goods, Malaysian halal exporters have had to rely on their old regional trading partners, including Singapore, Indonesia and Thailand for support.

Based on Halal Development Corporation Berhad's (HDC) proprietary data sources and analysis for 2020, in terms of bilateral trade, Singapore emerged as Malaysia's biggest importer of halal products in 2020. With a total export value of RM4.10 billion, Singapore replaced the People's Republic of China (PRC) which recorded an export value of RM3.44 billion, followed by the United States of America (US) with RM1.74 billion worth of exports.

Thailand and Indonesia were the fourth and fifth largest export market registering RM1.48 billion and RM1.34 billion respectively. Malaysian halal exports contracted approximately RM10 billion in total, from RM40.2 billion in 2019 to RM30.5 billion in 2020.

The decline in halal export value was also contributed by the 19% reduction in the number of Malaysian halal exporters, from 1,876 companies in 2019 to 1,507 in 2020. Apart from the Movement Control Order (MCO), the decline happened in tandem with the system upgrade for the halal certification process to facilitate online renewals and virtual submissions of supporting documents.

In terms of sectoral contribution, Halal Food and Beverages continued to be the main contributor to the Malaysian halal economy with RM17.40 billion in total value, followed by Halal Ingredients (RM8.83 billion), Cosmetics and Personal Care (RM2.67 billion), Palm Oil Derivatives (RM0.89 billion), Industrial Chemicals (RM0.47 billion), and Halal Pharmaceuticals (RM0.30 billion) in second to sixth placings respectively.

Although it was originally forecast that Malaysia's annual halal exports would reach an estimated RM42 billion by 2020, the country only managed to bring in RM30.56 billion. This was largely due the fact that the twin efforts to tackle volatile global oil prices and the COVID-19 pandemic has made 2020 an exceptionally challenging year.

Rail

In 2020, Malaysia's exports of railway parts and components consisted of mostly cargo containers, railway/tramway locomotives/rollingstock parts, signalling devices, and service vehicles which were valued at RM270.1 million, declining from RM334.2 million export value in 2019. The main export market for these products were the Panama, the PRC, the US, Singapore and Viet Nam.

Rail imports declined to RM472.0 million in 2020 from RM641.4 million in 2019 partly as a result of the postponement of several high-profile projects such as the East Coast Rail Link, Malaysia-Singapore High Speed Rail, and the Klang Valley Mass Rapid Transit 2. Rail imports which comprised locomotive and rolling stock parts, self-propelled railcars, railway passenger, and special purpose coaches and signalling devices were mostly sourced from the ROK, Canada, the PRC, Germany and US. There was no new investment project in 2020.

Shipbuilding and Ship Repair

Shipbuilding and Ship Repair (SBSR) is a subsector 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, including conversion and upgrading of vessels and marine equipment. Malaysia has more than 100 shipyards which focus primarily on building small to medium-sized vessels.

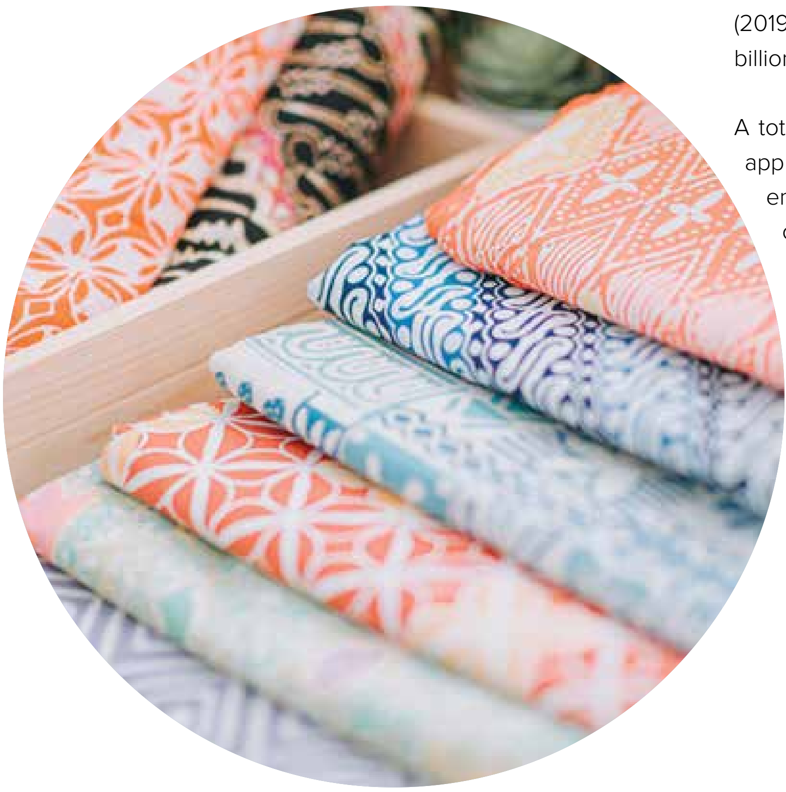
In 2020, Malaysia's exports of ships, boats and floating structures decreased by 24.7% to RM0.82 billion from RM1.08 billion in 2019. The export markets for products such as light vessels, dredgers, floating docks, tugs and pusher crafts were Singapore, Indonesia, India, Australia, and the United Arab Emirates (UAE). Meanwhile, imports increased by 1,228.1% to RM10.4 billion (2019: RM0.78 billion), consisting of floating/submersible drill platforms, cruise ships, cargo ships, yachts and other recreational/sports vessels which were imported from ROK, Singapore, the PRC, the United Kingdom (UK), and Thailand.

Five (5) projects worth RM36.0 million in investments were approved and out of these, three (3) were new projects, one (1) expansion project, and another project on the manufacturing of marine products and equipment. Four (4) of these projects are wholly-owned by Malaysian. These investments were driven by the demand for defence, security, and commercial vessels, and are expected to create 149 employment opportunities.

The domestic SBSR industry faced challenges in terms of high capital investments for business expansion; adoption of new technologies to expand operation capacity to build larger ships; demand ecosystem which is highly dependent on global oil price; and stiff competition from more established players in the region. However, the industry has an inherent geographical advantage as Malaysia's coastlines are along the strategic Straits of Malacca and the South China Sea. It is also well noted that the SBSR sector has adopted innovative technologies in its operations, particularly in designing and building large and sophisticated vessels. Local industry players have been encouraged to not only leverage on the geographical advantage, but also take advantage of the initiatives under Industry4WRD.

The pandemic had forced industry players to adopt automation instead of relying on manual labour.

The digital transformation has paved the way for a new and efficient business model which will accelerate the development of industry from the manufacturing of home textiles, functional fabrics and high value fabrics and garments to manufacturing high value-added products.



Textile, Apparels and Footwear

Over the years, Malaysian textile companies have progressed and moved up the value chain from trading to manufacturing finished materials for the high-end fashion market. Nevertheless, the industry still relies on imported raw materials and machinery, especially for manufacturing of fabric.

Although the COVID-19 pandemic has impacted the industry, many textile producers were quick to adapt to the challenging situation by shifting their production lines from manufacturing clothing to Personal Protective Equipment (PPE) to meet the demand for face masks and protective clothing in fighting the pandemic. Many producers have also ventured into online platforms to market their products.

In general, Malaysia's Textile and Apparel trade in 2020 was valued at RM28.4 billion, a decrease of 12.5% compared to RM32 billion in 2019. Exports contracted by 10.2% to RM13.9 billion (2019: RM15.5 billion) and imports declined by 11.9% to RM14.5 billion (2019: RM16.5 billion).

A total of 57 projects worth RM1.26 billion in investments were approved in 2020, and these are expected to provide 2,838 employment opportunities. DDI made up 91.7% or RM1.1 billion of the total investments recorded in 2020.

The pandemic had forced industry players to adopt automation instead of relying on manual labour. The digital transformation has paved the way for a new and efficient business model which will accelerate the development of industry from the manufacturing of home textiles, functional fabrics and high value fabrics and garments to manufacturing high value-added products.

CROSS-CUTTING ECOSYSTEM

Skills and Talents for Industry

Skilled workers are essential assets for the country's industrial development. Identifying the skills required by the industry is important in grooming Malaysia's future workforce and equipping them with the skills required by the industry. Towards this end, MITI works closely with other Government Agencies and the industry players to examine and address the gaps and mismatch in skills faced by the industry.

In pursuance of the Industry4WRD policy, MITI has continuously urged industry players to accelerate automation and digitalisation, including adopting the high-tech approach in their industrial processes, to enable them to move up the value chain and penetrate the global market. The impact of the COVID-19 pandemic has fast-tracked the rate of technology upgrade, automation and digitalisation to ensure the industry stays relevant in current market and increase its resilience despite the upheavals in the global supply chain. Hence, it is crucial to have economic recovery initiatives running parallel with efforts to enhance talent throughout the ecosystem by embracing technological advancements in a holistic manner, including being adept at innovation, efficiency and productivity.

Industry needs to embrace transformation and move towards automation and digitalisation to enhance productivity as this is the trend in the global market. Existing and newly-hired workers need to be constantly trained so that they can adapt to technological advancements and reduce the digital gap. Inevitably, continuous skilling, upskilling and reskilling is unavoidable if we are to ensure that the industry's growth is in alignment with global trend.

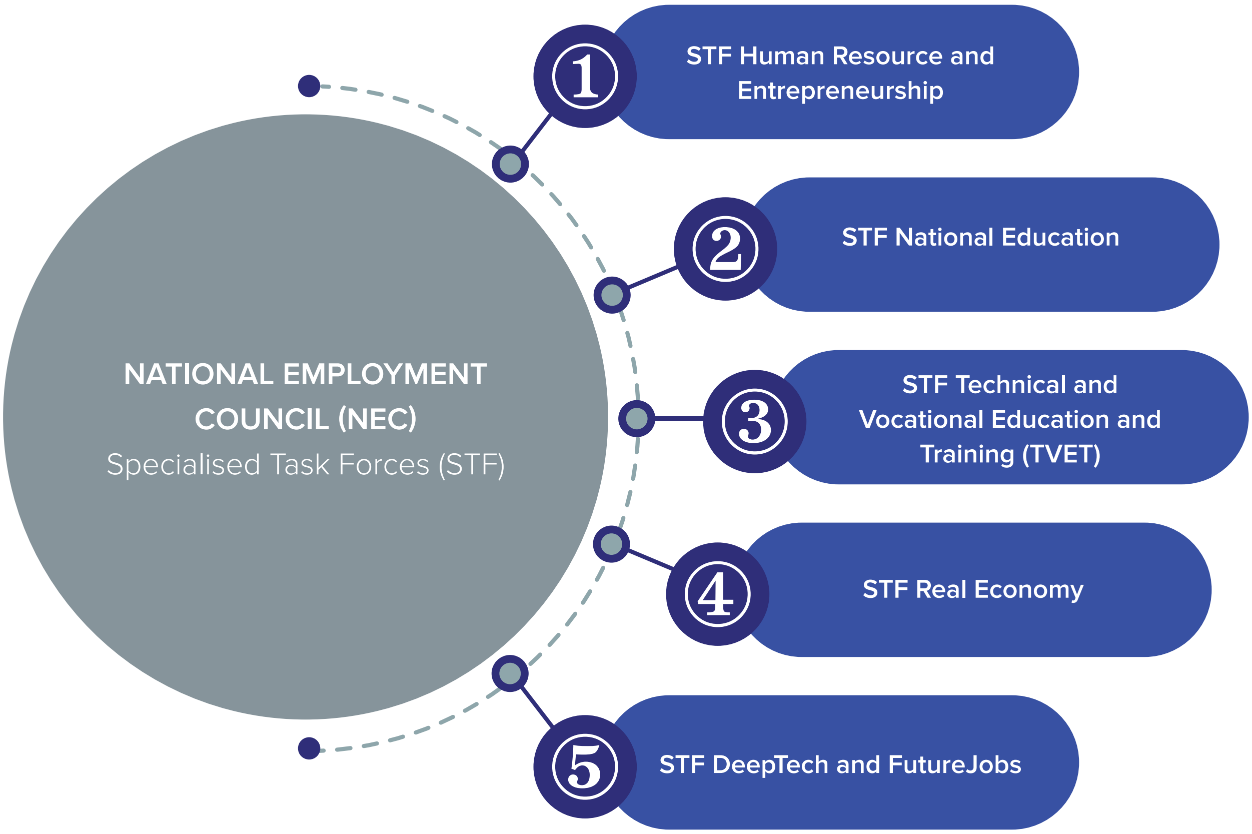
The COVID-19 pandemic has caused adverse impact to businesses and the labour market as a whole. According to the Department of Statistics Malaysia (DOSM), the unemployment rate in the country reached 4.5% in 2020, with 711,000 people being out of a job. This is the highest unemployment rate in almost three (3) decades. This means that fresh graduates and new talents will have to compete for job vacancies with the pool of retrenched workers who are equipped with skills and experience. This scenario would only increase the risk of skills mismatch in the labour market.

As unemployment spiked as a result of the pandemic, there is a large pool of skilled and unskilled laid off labour that the industry might consider recruiting as trainees/interns as part of their manpower planning. On-the-job training is critical as it is pertinent for industry to prioritise knowledge transfer and skills training to employees so as to build up company capacity and productivity. The industry should take advantage of the various platforms and incentives offered by the Government to revive the economy.

The Government is taking an inclusive and holistic approach to ensure Malaysia's economic recovery by providing economic stimulus packages, including PENJANA. Under this stimulus package, a RM3 billion fund is allocated for reskilling and upskilling youths and unemployed workers.

As the Ministry responsible for monitoring industry requirements during the process of economic recovery, MITI recognises the importance of reskilling and upskilling to bridge the skills and talents gap in the industry. Leveraging the PENJANA fund to enhance the employability of local workers, MITI and its Agencies have proposed 23 upskilling and reskilling programmes that are aimed to provide 10,971 job opportunities to unemployed/ retrenched workers and fresh graduates and to increase business income for 880 business establishments including SMEs. Through MITI Agencies such as MIDA, MARii, Halal Development Corporation Berhad (HDC), InvestKL Corporation, and Malaysia Steel Institute (MSI), sector-specific training programmes will be conducted to enhance the capability and competency of existing skilled and semi-skilled talents. These training programmes are scheduled to begin in 2021. Rigorous calibrations were carried out to ensure the selected programmes are impactful and will benefit both job seekers and the industry.

As part of the initiatives to bring about economic recovery, the Government has established the National Employment Council (NEC) in 2020 to execute the strategies to create and preserve jobs. The NEC is chaired by the Prime Minister with participation from private sector leaders. They are supported by a High-Level Task Force (HLTF), chaired by the Chief Secretary to the Government, and five (5) Specialised Task Forces (STF) namely:



Under the NEC, MITI is tasked to co-chair two (2) STF, namely STF Real Economy (together with the Economic Planning Unit), and STF TVET (together with MOHE). STF Real Economy focuses on creating new jobs by encouraging investments in new sources of economic growth; while STF TVET looks into identifying gaps and action plans in developing and implementing strategies for creating job opportunities and placements in TVET-related fields. MITI's involvement in the NEC signifies the Government's collective effort in policy development for national employment by bridging the gap between supply and demand in the local skills pool. Integrated governance across Ministries and collaboration with the industry will enable more effective coordination of nationwide efforts to achieve quality human capital for our industry as well as the global labour market.

Aside from STF TVET under the NEC, MITI is also a member to the newly-established National TVET Council (MTVET), chaired by the Prime Minister. While STF TVET looks into matching of skills training with employment and job placements, MTVET aims to improve the coordination within the country's TVET ecosystem in the effort to ensure the recognition of 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, apart from the 12 empowerment strategies that have already been outlined.

A conducive ecosystem to develop high-skilled and high-demand human capital is critical in increasing Malaysia's attractiveness as the preferred investment destination and this could be done through a coordinated approach to address complex and inter-linked issues/challenges related to human capital development. Through these platforms, the industry will be motivated to contribute constructive ideas, increase participation and commitment towards strengthening the education system as a cradle of talent and skills development as required by the industry.

Ethical Recruitment by Industry

As the Ministry responsible for industrial development, MITI emphasises ethical recruitment to prevent forced labour practices by manufacturers. In 2020, the US Customs and Border Protection Agency imposed the Withhold Release Order (WRO) on several shipments of goods from Malaysian companies based on allegations of forced labour practices. These actions not only have resulted in revenue losses but have also tarnished Malaysia's reputation.

MITI is working closely with the relevant Ministries, particularly, MOHR and the Ministry of Home Affairs, to promote good practices, ethical requirements and compliance with labour standards, specifically with regards to compliance with the Workers' Minimum Standards of Housing and Amenities Act (Act 446). MITI is a member to the Labour Laws Compliance and Policies Task Force, established by the Department of Labour of Peninsular Malaysia (JTKSM) to ensure industry adherence to the provisions under the relevant labour laws and policies, and implement protection and social responsibility for employees. MITI continues to work with MOHR and JTKSM to ensure manufacturers comply with Act 446 by conducting enforcement checks on manufacturing companies.

MITI is working closely with the relevant Ministries, particularly, MOHR and the Ministry of Home Affairs, to promote good practices, ethical requirements and compliance with labour standards, specifically with regards to compliance with the Workers' Minimum Standards of Housing and Amenities Act (Act 446).

To further enhance the industry's knowledge on the regulations related to labour act, MITI has taken the initiative to provide guidance and enhance awareness on the part of Malaysian exporters, particularly SMEs, on the need to comply with Malaysian labour laws and that of international markets, so as to prevent sanctions, restrictions or bans imposed on their products. MITI hosted the "Briefing on Labour Standards Compliance for Sustainable Supply Chain" on 29 July 2020 in collaboration with JTKSM, the US Embassy Kuala Lumpur, and Responsible Alliance Business (RBA) and participated by representatives from national associations, foreign chambers of commerce and industry associations as well as officials from the relevant Ministries and Government Agencies. The session focused on the implementation of the Employment Act in relation to the elimination of forced labour elements, Workers' Minimum Standards of Housing and Amenities Act, including mechanisms for industry's resilience in global supply chain – sustainable recognition related to labour standards to the US and forced labour risks.

MITI also hosted a webinar session on "Forced Labour: The UK, US and Australian Perspective" on 17 December 2020 with the objective of providing guidance to exporters through the labour law framework in major importing countries (US, European Union (EU) and Australia); equipping exporters with information to prevent restrictions/bans against their merchandise; and building capacities in dealing with a restriction order in those importing countries. The event was organised in collaboration with the United Nations agency, International Organisation for Migration (IOM), The Star Media Group, JTKSM, and Malaysia External Trade Development Corporation (MATRADE).

The Government's commitment alone is not sufficient. Industry associations and individual companies also need to work closely with the Government in ensuring compliance with the required employment standards, ethical recruitment practices, and internal labour standards in line with global benchmarks in the Environment, Social and Governance framework.

BOX ARTICLE 1.5 Enhancement of the Preferential Certificate of Origin Process

Ministry of International Trade and industry (MITI) has implemented substantial enhancement to the work procedure to improve its service delivery process to industry players during the COVID-19 pandemic period.

The enhancements are:

- Full utilisation of ASEAN Trade in Goods Agreement (ATIGA) e-Form D in which the approved e-Form D will be exchanged electronically (paperless) via the ASEAN Single Window (ASW) platform with effective 18 March 2020
- Implementation of electronic endorsement of the Preferential Certificate of Origin (PCO) by affixing electronic signature and official seal through the ePCO system for Malaysia-Japan Economic Partnership Agreement (MJEPA), ASEAN-Australia-New Zealand Free Trade Area (AANZFTA), ASEAN-Hong Kong, China Free Trade Area (AHKFTA) and ASEAN-Korea Free Trade Agreement (AKFTA) effective 13 April 2020
- Enhanced ePCO system to enable real time approval for PCO applications across all Free Trade Agreement (FTA) schemes. At this initial stage, this feature is only made available for products with Origin Criteria "Wholly Obtained" and "Change in Tariff Classification" (CTC) under "Normal Case" applications.

PERFORMANCE OF THE SERVICES SECTOR

The services sector remained the leading economic growth engine contributing 57.7% or RM775.7 billion to the GDP in 2020, albeit declined marginally in value compared to the previous year (2019: RM820.9 billion). The drop of 5.5% in terms of value as compared with a 6.2% growth in 2019 (2018: RM773.0 billion) was due to the COVID-19 pandemic which saw a contraction in the accommodation, transportation and storage subsector, including the food and beverages which were hit hard by the global pandemic.

Investments

Malaysia recorded a total of RM164 billion in investments in the manufacturing, services, and primary sectors in 2020. Of these, the services sector received a total of RM66.7 billion (40.7%) across 3,527 projects. Nevertheless, there was a decrease by 45.2% in total approved investments compared with RM121.7 billion in 2019 mainly attributed to the COVID-19 pandemic.

Domestic investments contributed 90.2% or RM60.2 billion (2019: RM97 billion or 79.7%) while foreign investments totalled RM6.5 billion or 9.7% (2019: RM24.7 billion or 20.3%). The top five (5) sectors were real estate (RM31.3 billion); utilities (RM10.8 billion); support services (RM5.2 billion); telecommunications (RM5.2 billion), and those with multimedia super corridor (MSC) status (RM3.9 billion). Investments in these five (5) subsectors collectively amounted to 85% of the total approved investments in the services sector.

It is important to observe the 73.7% decline in foreign investments from previous year (2019: RM24.7 billion) was due to the economic upheavals caused by the pandemic which impacted the investment decisions of many international firms. This amplified the increasing importance for domestic investors to play a contributary role in energising the local economy.

Trade

In 2020, global services trade was severely impacted by border closures and stringent lockdown measures imposed to curb the COVID-19 pandemic. Malaysia's services trade decreased by 18.2% to RM262.8 billion vis-à-vis previous year (2019: RM321.2 billion). Exports of services fell to RM92.6 billion (2019: RM170.2 billion) while imports dropped to RM140.1 billion (2019: RM180.7 billion).

In 2020, the export of services dropped by 45.6% compared to the growth experienced in 2019. This significant drop in exports was mainly caused by the decrease in travel services which registered RM12.6 billion in 2020, compared with RM82.1 billion in 2019. This 84.7% reduction in travel services was mainly attributed to the contraction in tourism-related activities as a result of border closures around the world. However, it should be noted that despite the slow growth, Malaysia experienced a slight increase in exports for construction, telecommunications, computer and information services. Similarly, the import of services in 2020 also dropped by a smaller margin of 22.7% compared with the previous year. This decline is due to the slowdown in payments for travel, transport, and construction services.

Revenue and Employment

The services sector generated RM1,637.8 billion in revenue in 2020, a decrease of 8.1% compared with RM1,781.5 billion in 2019. The services sector employed 3.7 million workers in 2020, a decrease of 3.4% compared with 3.8 million workers in 2019.

Wholesale and Retail Trade, and Food, Beverages and Accommodation

The wholesale and retail trade, food and beverages, and accommodation segment generated the highest revenue of RM1,311.4 billion in 2020 (2019: RM1,412.3 billion), albeit a marginal decline of 7.1%. The number of workers employed in this segment decreased by 3.5% to 2.8 million people (2019: 2.9 million), while salaries and wages decreased by 1.1% to RM59.3 billion (2019: RM60 billion).

Information and Communications Technology, Transportation and Storage

Revenue in the information and communications technology (ICT), transportation and storage segment in 2020 declined by 9.5% to RM237.6 billion from RM262.6 billion in 2019. The number of workers employed in this segment stood at 452,491 people (2019: 477,056) while salaries and wages amounted to RM18.8 billion (2019: RM21.1 billion), with both registering a decline of 5.1% and 11.1% respectively.

Health, Education and Arts, and Entertainment and Recreation

Revenue in the health, education and arts; and entertainment and recreation segments in 2020 registered a decline of 21.2% to RM53.7 billion (2019: RM68.1 billion). The number of workers engaged in the segment decreased by 1.9% to 282,630 people (2019: 288,223) while salaries and wages increased by 0.8% to RM9.8 billion (2019: RM9.7 billion).

Professional Services and Real Estate Agency

Revenue in the professional services and real estate agency segment in 2020, decreased by 9% to RM35.1 billion compared to RM38.6 billion the previous year. The number of workers employed decreased by 1.1% to 177, 885 people (2019: 179,914) while salaries and wages paid declined by 1.5% to RM10.0 billion (2019: RM10.1 billion).

THE SERVICES SECTOR BLUEPRINT

Launched in 2015, the Services Sector Blueprint (SSB) introduced 29 action plans to support four (4) policy levers namely internationalisation, investment incentives, human capital development and sectoral governance reform, to boost the annual GDP growth rate in the services sector.

1. Internationalisation
2. Investment Incentives
3. Human Capital Development
4. Sectoral Governance Reform

The following is a snapshot of the achievements made in 2020 under some of the action plans:

i. financial assistance in the form of grants, soft loans, and funds to 83 firms under MATRADE Services Export Fund;

ii. completion of system development and integration of the Incentive Coordination and Collaboration Office under MIDA on 26 December 2019 to improve incentive coordination;

iii. establishment of two (2) new centres and creation of 42 new Single Tier Certification programmes based on the National Occupational Skills Standard (NOSS) under the MOHR to raise the profile of the TVET Pathway project that is designed to meet the human capital needs of the services sector;

iv. establishment of a new CoE and creation of four (4) innovative commercial products under the Malaysia Digital Economy Corporation's (MDEC) Research Incentives Scheme for Enterprises (RISE) Programme attracted RM5.5 million investments. RISE has provided 12 skilled and experience staff with an average monthly salary of RM7,000 to undergo training in research and development; and

v. Recommendations under the Malaysia Productivity Corporation (MPC) Reducing Unnecessary Regulatory Burden (RURB) initiative for the following:
   - selected localities undertake efforts to improve communication procedures between regulators and Agencies, reduce time taken to complete all processes, and review costs imposed in deploying the structures under the Digital Infrastructure Competitiveness Index (DICI) project;
   - the food and beverages industry to make regulatory arrangements more efficient by eliminating unnecessary procedures that contribute to the delay in getting approvals including the re-opening of business after closure due to cleanliness issues; and
   - the National Policy on the Development and Implementation of Regulations to be extended to cover the states of Sabah, Perlis and Malacca.

As part of its strategy to further enhance the growth of the services sector, MITI will be launching the New Services Sector Blueprint (New SSB) in 2021. The New SSB seeks to leverage strengths in the services sector to enable continued development, while addressing key challenges raised by stakeholders. The Government will also give special focus on Industry 4.0 within the services sector in line with the Industry4WRD policy and the Digital Economy Blueprint.

FUTURE GROWTH AREAS

The COVID-19 pandemic has pushed the boundaries towards a “New Normal” which is reshaping all industries across the board by redefining how business and work is done. This “New Normal” is manifested in various aspects of business operations, from the digital supply chain to agile workforce and processes. Consumers increasingly choose e-commerce and cashless payment solutions over the traditional mode of transaction, thus paving the way for a gig-economy and next-gen technology, including the use of augmented or virtual reality and artificial intelligence (AI). These developments serve to enhance customer experience in the services sector.

Digitalising Healthcare

Technological advancements are disrupting how service is delivered across the healthcare value chain. The rise of healthcare platforms, an expanding ecosystem, and the increasing reliance on data are among the key trends driving the private healthcare subsector.

Rise of Healthcare Platforms

In line with Industry 4.0, there is a growing market for on-demand and subscription-based services for both mobile consultations and home care services.

Expanding Ecosystem

The rise of digitalisation and the subsequent disruption in healthcare have seen the entry of non-healthcare players especially those from the technology and e-Commerce, into the sub-sector. This expanding ecosystem provides the opportunity for entrepreneurs to develop new products and services, including new channels to engage customers/patients with.

Increasing Reliance on Data

Volumes of patient data can be aggregated from multiple sources such as medical institutions and insurance providers, among many others, to provide insights into healthcare management, risk stratification, performance, and healthcare gaps with respect to populations. The development of cloud computing for healthcare databases enables doctors to access a patient’s medical records in real-time, and using analytics and AI to advise the patient on the next course of action.

The Global Market Insights research report released in June 2020 revealed that transactions using digital health technologies which includes health information technology, wearables, health sensors, and any solutions aiming to digitise healthcare, amounted to USD106 billion in 2019. According to the report, this market is estimated to grow 28.5% at a compound annual growth rate (CAGR) through 2026. With rapid advances in technology, digitalising healthcare will be a natural step forward to create a sustainable economic transformation for the private healthcare industry.

Data Centres and Cloud Services

Under the MyDigital initiative, Malaysia seeks to attract RM70 billion worth of new investments in the digital sector, thereby creating more than 500,000 new job opportunities in the digital economy and contributing 22.6% to Malaysia's GDP from 2025 onwards. Building enabling digital infrastructures is fundamental in advancing the digital economy which comprises broadband, Data Centres (DCs), and submarine cable landing stations.

Malaysia has a very strong potential to become a regional hub for DCs due to its strategic location, good infrastructure, and connectivity. Malaysia is rated as one of the top locations for DCs and Cloud Services in Southeast Asia, and is leading in terms of cloud technology adoption, data recovery and Big Data Analytics (BDA). By leveraging various factors such as cost efficiency and availability of high-skilled workers, Malaysia is well positioned to be the heart of digital ASEAN.

Gaming Industry

The gaming industry plays a pivotal function in society as a pillar of entertainment and social connection, in addition to improving the quality of life for millions during the COVID-19 pandemic. With the exponential growth of technology, it has become a trend for members of the public - particularly the Gen Y and the Millennials, to relieve stress by playing virtual reality games on their personal computers and mobile phones.

Malaysia is considered one of the largest gaming markets in Southeast Asia. As of June 2020, Newzoo, a leading games market intelligence firm highlighted that 87% of the 20.1 million gamers in Malaysia spent their money on in-game virtual items. It is also reported that the global market will grow at 8.3% CAGR and will be worth RM200.8 billion by the end of 2023. Malaysia is ranked number 21 in the global games market in 2019, with a net total game revenue of USD633 million of which more than 90% was generated from mobile games. In 2020, Malaysians spent approximately USD673 million on video games. According to another leading industry market research firm Niko Partners, the Personal Computer (PC) online and mobile game revenue in Southeast Asia is projected to reach USD4.4 billion by 2021, driven by the strength of e-sports and popular international games entering the regional market.

Electronic Sports

Electronic sports (e-sports) is a global phenomenon. Initially an offshoot of the gaming industry, esports has gained a large following and has the potential to contribute to the growth of the Malaysian economy. The industry is expected to garner a CAGR of 10.9% from 2018 through to 2023, which will result in a market volume of 168 million video games by 2023.

Professional Services

Despite the challenges posed by COVID-19, the global professional services market was expected to grow from USD5 trillion in 2020 to USD5.4 trillion in 2021 at CAGR of 7.9% and to continue to grow at CAGR of 7% to reach USD6.5 trillion by 2023. Global rising trends and emerging technologies are expected to support and strengthen this growth and its position in the higher value-added segments.

Likewise, post COVID-19, the business and professional services in Malaysia is also expected to register higher growth, while adapting to the "New Normal" in the medium to long-term. This is in line with the shift in the three (3) main areas namely business models built around digital capabilities, agile workforce, and changing consumer behaviour.

The 12MP targets to make the country a professional services hub by 2030. To successfully realise this vision, MITI will undertake a feasibility study that will provide the necessary framework for the development of the professional services industry, including an entity to lead the development. The study will also provide the transformation roadmaps for six (6) fields of professional services with high growth potential, namely accounting; architecture; engineering; legal; advertising; and management consulting.

Additive Manufacturing

Additive manufacturing is an emerging industry that has strong potential growth. It has been growing at a CAGR of 24.7% between 2013 and 2019, with a total spending of USD13.8 billion as of 2019, and is expected to reach USD46 billion by 2025, achieving a CAGR of 27.2%. Total output from Additive Manufacturing in Asia in 2019 amounted to USD3.8 billion, of which 27.5% is global output. ASEAN countries contributed USD228 million or 6% of the total output in Asia, with Singapore leading the regional market. Although industries in Malaysia are keen to venture into this subsector, there is no central coordinating agency to guide its development which is crucial in formulating the developmental policy to support the additive manufacturing ecosystem which comprised R&D centres, start-ups, manufacturers, and developers for 3D printing solutions. These efforts are in line with Ministry of Science, Technology and Innovation (MOSTI) National Technology and Innovation's Sandbox (NTIS), which identifies additive manufacturing as one of the focused technologies.

Tourism

In 2020, the Government introduced the National Tourism Policy (NTP 2020-2030) focusing on the need to transform the industry by securing partnerships and investments, empowering local communities, and ensuring the sustainability and resilience of the tourism industry. In the efforts to revitalise domestic tourism, Malaysia offers creative and attractive travel packages through digital platforms to promote the uniqueness of rural tourism destinations and hidden gems. The NTP 2020-2030 has identified 17 new areas of focus such as eco-tourism, agrotourism/rural tourism, community-based tourism, sports tourism and adventure tourism.

One of Malaysia's attractive offerings is eco-tourism. Seeking to be a world-class ecotourism destination, Malaysia is actively promoting sustainability campaign by undertaking conservation and nature restoration initiatives. This will position Malaysia as a premier ecotourism destination through enhanced tourist experience supplemented with high-quality services. With this, Malaysia aims to be the "Top of The Mind Ecotourism Destination of the World" and this initiative is targeted to drive the economic growth particularly in the tourism sector and create more job opportunities for Malaysians.

OUTLOOK 2021

The COVID-19 pandemic has pushed the boundaries for the economy towards a "New Normal" which is reshaping all industries across the board by redefining how business and work is done. While most sectors experienced a downturn, some segments in the manufacturing sector experienced a positive impact, including in health-related products.

MITI will expand its outreach to cover more firms within the manufacturing sector. Remedial actions should focus on escalating the business revival of those vulnerable, yet high potential firms affected by the pandemic. This will ensure proper return on investment and uncover best practices to be emulated by other businesses. Comprehensive data collection and analysis are needed to design the most effective interventions, from both the firm's and the Government's perspective.

The timely response by the Government in imposing the MCO to flatten the curve, complemented by swift stimulus packages, has cushioned the impact of the crisis. The Government has introduced various initiatives to support businesses. These include accommodative policies, financial support in the form of soft loans, grants, wage subsidy, income tax incentives, and loan repayment moratorium to struggling sectors. A series of assistance was also announced through several economic stimulus packages throughout 2020. However, lingering uncertainties surrounding the development of the pandemic continues to weigh on Malaysia's growth recovery. Malaysia's economic trajectory which targets a rebound of 6% in 2021, and subsequently to stabilise at about 5.7% in 2022, will largely depend on the successful rollout of the COVID-19 vaccination programme. Still, the crisis offers businesses the opportunity to reform strategies, expedite digital transformation and reallocate resources to increase efficiency and productivity.

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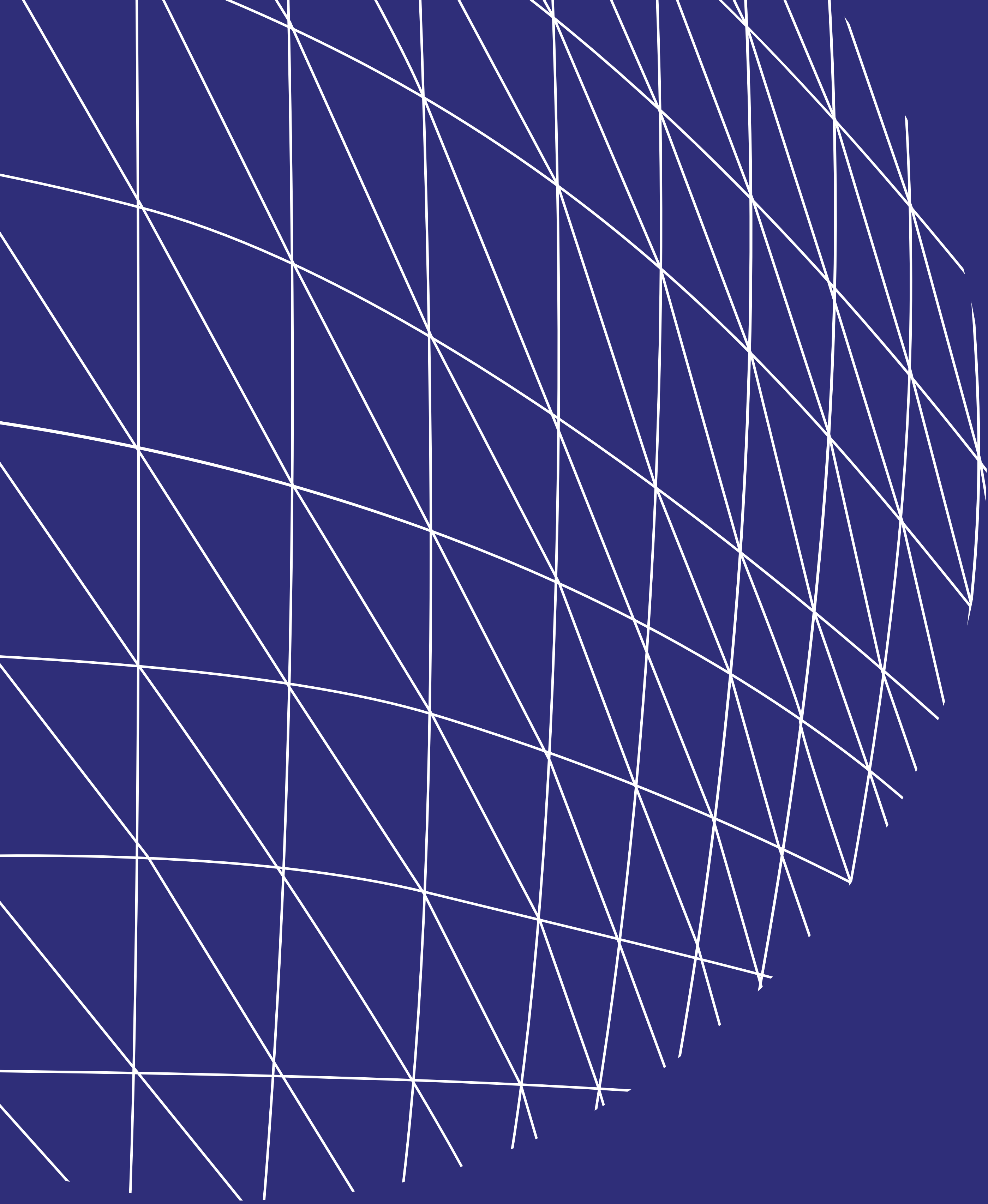


CHAPTER 2

INTERNATIONAL TRADE

OVERVIEW

Year 2020 has been challenging to global trade as a result of the stringent lockdown measures imposed across the board due to the COVID-19 pandemic. This directly caused major disruptions to global supply chains, especially movement of goods and services, and severely affected manufacturing activities.

TRADE PERFORMANCE

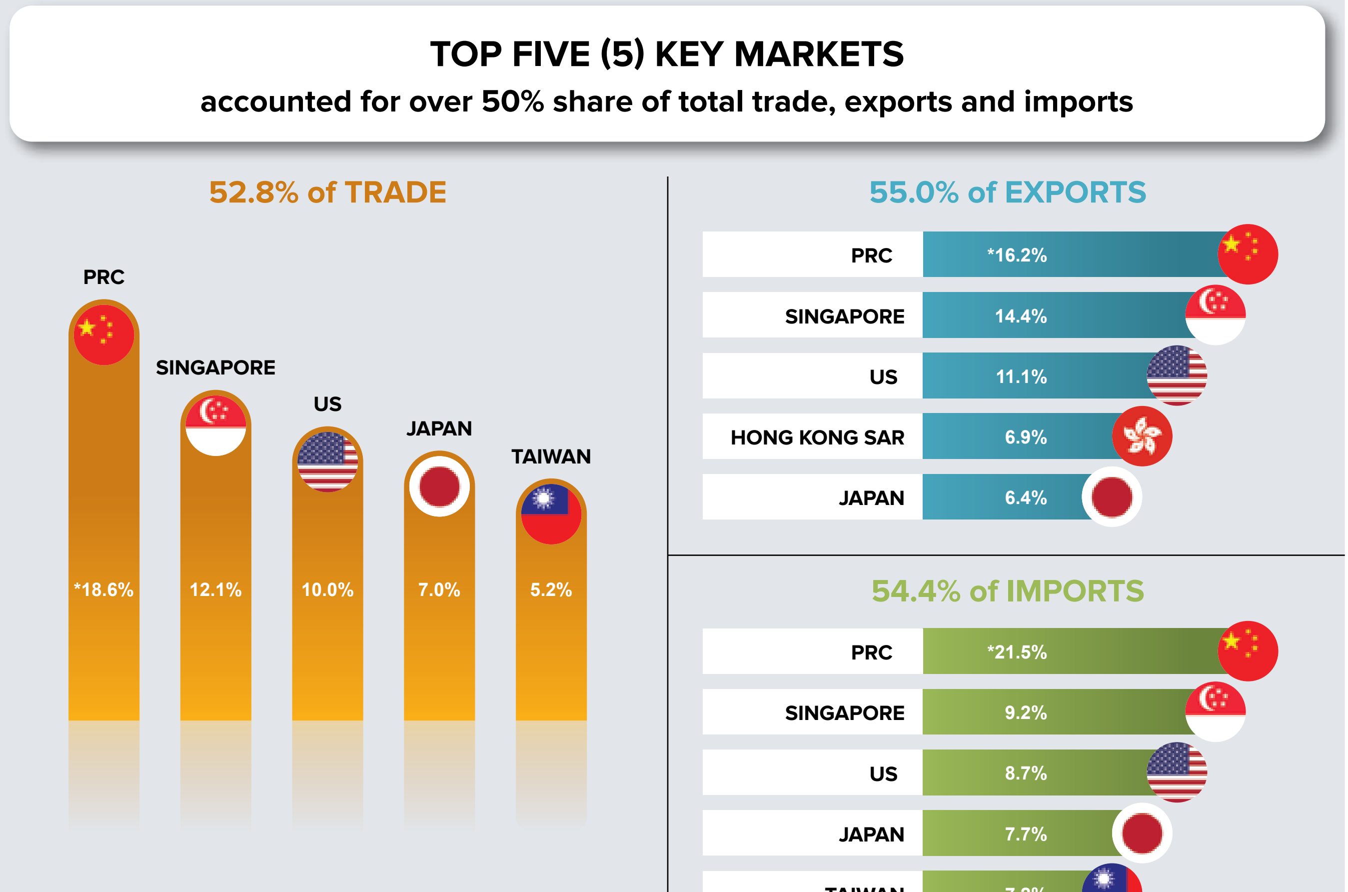
In 2020, Malaysia's trade contracted by 3.3% to RM1.784 trillion. Exports totalled RM983.83 billion, slipped marginally by 1.1% while imports were RM800.48 billion, declined by 5.8%. However, Malaysia's trade surplus in 2020 recorded the fourth consecutive year of double-digit growth, with an expansion of 25.9% to RM183.35 billion compared to 2019.

Despite this unprecedented scenario, Malaysia's external trade performed fairly well with exports rebounded by 5.2% in the second half of 2020 as compared to the negative growth of 7.7% recorded in the first half of the year. This could be attributed to the progressive opening of the economy and gradual recovery of external demand.

In 2020, Malaysia's top five (5) trading partners were the People's Republic of China (PRC), Singapore, the United States of America (US), Japan and Taiwan, collectively accounted for 52.8% or RM942.1 billion of total trade (Exhibit 2.1). Taiwan was included in the current year top five (5) list compared to PRC, Singapore, US, Japan and Thailand respectively in the previous year which accounted for a total of 50.9%. In 2019, Taiwan was in 6th place. The PRC, with a 18.6% share of total valued at RM331.44 billion, an increase of 4.7% compared to 2019, Singapore (2020: 12.1%; 2019: 12.3%), US (2020: 10%; 2019: 9%), Japan (2020: 7%; 2019: 7%) and Taiwan (2020: 5.2%; 2019: 5.1%).

EXHIBIT 2.1

MALAYSIA'S KEY MARKETS



Note: *Refer to Share

Source: Department of Statistics, Malaysia (DOSM)

ASEAN remained an important and strategic trade partner for Malaysia, accounting for 25.1% of Malaysia's total trade in 2020. Trade with ASEAN amounted to RM447.84 billion, a decrease of 8.9% compared to 2019. Exports to the region posted a contraction of 4.7% following lower exports of crude petroleum, manufactures of metal as well as petroleum products. In 2020, exports to Brunei Darussalam, Lao People's Democratic Republic (PDR), Myanmar and Singapore recorded an overall increase. However, exports to the other five (5) ASEAN Member States (AMS) indicated a decrease. Breakdown of exports and imports to AMS are indicated in Exhibit 2.2 and 2.3.

Imports from ASEAN nations fell by 14.7% to RM174.86 billion in 2020 compared with RM205.05 billion during the previous year. Electrical and electronics (E&E) products, petroleum products as well as chemicals and chemical products were the major imports. Malaysia's imports from all AMS witnessed an overall decrease, except for Lao PDR; which recorded an overall increase of 14.7%. Exhibit 2.3 depicts detailed breakdown of imports from AMS.

EXHIBIT 2.2

MALAYSIA'S EXPORTS TO ASEAN COUNTRIES

SINGAPORE	RM142.15 BILLION	↑ 3.7%
THAILAND	RM45.34 BILLION	↓ 19.5%
VIET NAM	RM30.90 BILLION	↓ 12.7%
INDONESIA	RM29.59 BILLION	↓ 5.6%
PHILIPPINES	RM17.61 BILLION	↓ 5.4%
MYANMAR	RM3.07 BILLION	↑ 8.3%
BRUNEI DARUSSALAM	RM2.28 BILLION	↑ 21.3%
CAMBODIA	RM1.50 BILLION	↓ 42.4%
LAO PDR	RM56.2 BILLION	↑ 67.8%

Source: Department of Statistics, Malaysia (DOSM)

EXHIBIT 2.3

MALAYSIA'S IMPORTS FROM ASEAN COUNTRIES

SINGAPORE	RM73.68 BILLION	↓ 17.7%
INDONESIA	RM36.69 BILLION	↓ 5.7%
THAILAND	RM34.30 BILLION	↓ 22.5%
VIET NAM	RM18.01 BILLION	↓ 8.1%
PHILIPPINES	RM8.78 BILLION	↓ 2.8%
BRUNEI DARUSSALAM	RM1.94 BILLION	↓ 0.2%
MYANMAR	RM936.7 MILLION	↓ 14.0%
CAMBODIA	RM478.1 MILLION	↓ 30.2%
LAO PDR	RM47.6 MILLION	↑ 14.7%

Source: Department of Statistics, Malaysia (DOSM)

Singapore remained as Malaysia's second largest trading partner after the PRC in 2020, accounting for 12.1% of Malaysia's total trade. However, due to the impact of the COVID-19 pandemic, total trade with Singapore dropped by 4.7% to RM215.81 billion compared with RM226.57 billion in 2019. Exports to Singapore increased by 3.7% to RM142.15 billion while imports from Singapore declined by 17.7% to RM73.68 billion. A total of 120 manufacturing investments from Singapore worth RM8.83 billion were approved in 2020 creating 9,080 job opportunities. Indonesia was one of the top destinations for Malaysia's Direct Investment Abroad (DIA) among AMS in 2020 apart from Singapore, Thailand and Viet Nam. The DIA to Indonesia were mainly in services and agriculture sectors whereas the foreign direct investment (FDI) from Indonesia were largely in mining and quarrying manufacturing sector followed by services sectors. A total of six (6) manufacturing projects with participation from Thailand were approved in 2020 with total investments of RM1.86 billion which has created 290 jobs opportunities.

FREE TRADE AGREEMENTS

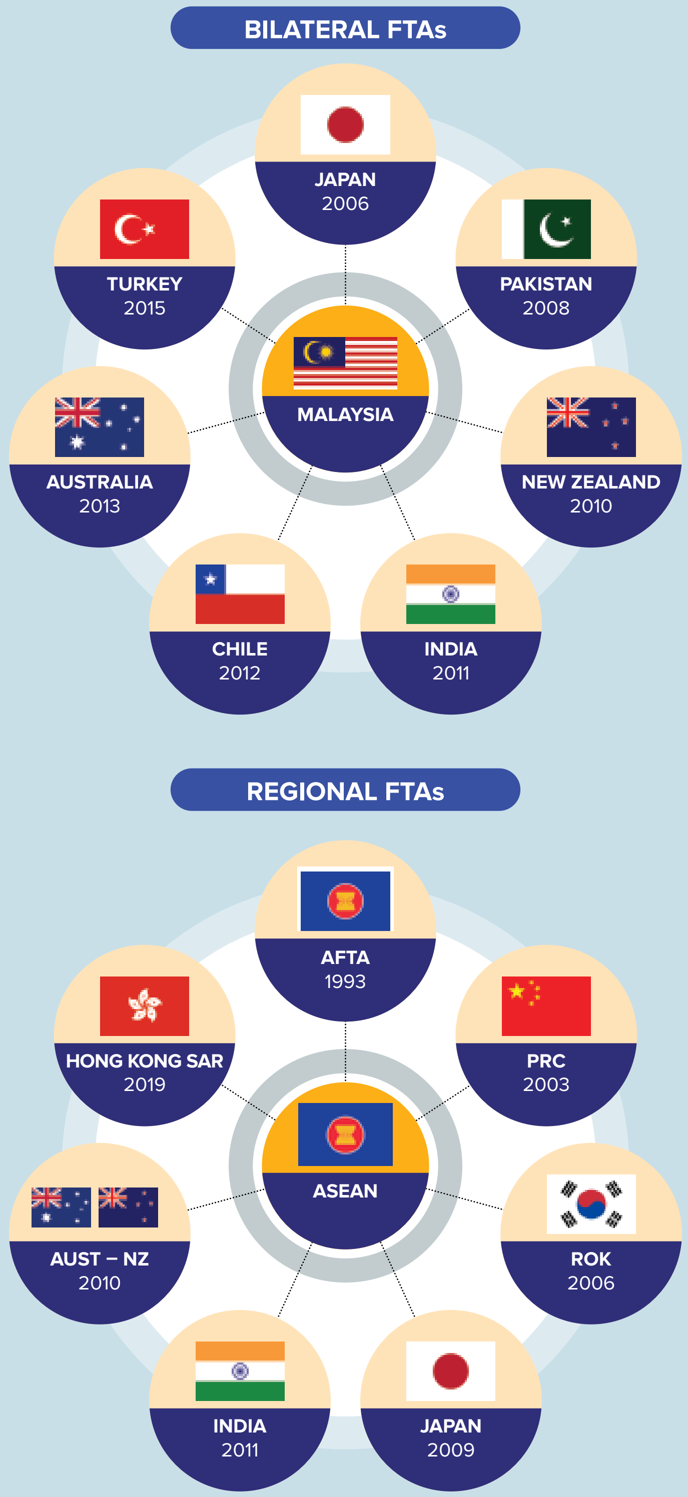
Implemented Agreements

As at December 2020, Malaysia has signed a total of 16 Free Trade Agreements (FTAs), of which seven (7) are bilateral agreements and the remaining nine (9) are regional FTAs. All seven (7) bilateral FTAs, with Australia, Chile, India, Japan, New Zealand, Pakistan and Turkey, have entered into force. Malaysia, through ASEAN, is also a signatory to the regional FTAs with Australia and New Zealand, the PRC, Japan, Republic of Korea (ROK), Hong Kong Special Administrative Region (SAR) and India. In addition, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and Regional Comprehensive Economic Partnership (RCEP) have been signed, but yet to be ratified.

Trade with FTA partners in 2020 stood at RM1.190 trillion, lower by 3.3% and accounted for 66.7% of Malaysia's total trade. Exports to FTA partners was valued at RM669.40 billion, a decrease of 1.4% and represented 68% of Malaysia's total exports. Major export products were E&E products, petroleum products as well as chemicals and chemical products which contributed 53.1% of Malaysia's total exports to FTA markets. Increases in exports were recorded to PRC, by 13% to RM159.22 billion due to higher exports of iron and steel products, Singapore (↑3.7% to RM142.15 billion, E&E products) and Hong Kong SAR (↑2.3% to RM66.17 billion, E&E products). Imports from FTA partners dipped by 5.7% to RM520.22 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



Source: Department of Statistics, Malaysia (DOSM)

EXHIBIT 2.5

MALAYSIA'S TRADE PERFORMANCE WITH FREE TRADE AGREEMENTS PARTNERS

TRADE WITH FTA PARTNERS

TRADE

RM1.190 trillion

70.2%* OF TOTAL TRADE

PRC	27.9%
SINGAPORE	18.1%
JAPAN	10.4%
HONG KONG SAR	6.9%
ROK	6.8%

EXPORT

RM669.40 billion

71.3%* OF TOTAL EXPORTS

PRC	23.8%
SINGAPORE	21.2%
HONG KONG SAR	10.2%
JAPAN	9.3%
THAILAND	6.8%

IMPORT

RM520.22 billion

75.0%* OF TOTAL IMPORTS

PRC	33.1%
SINGAPORE	14.2%
JAPAN	11.8%
ROK	8.9%
INDONESIA	7.1%

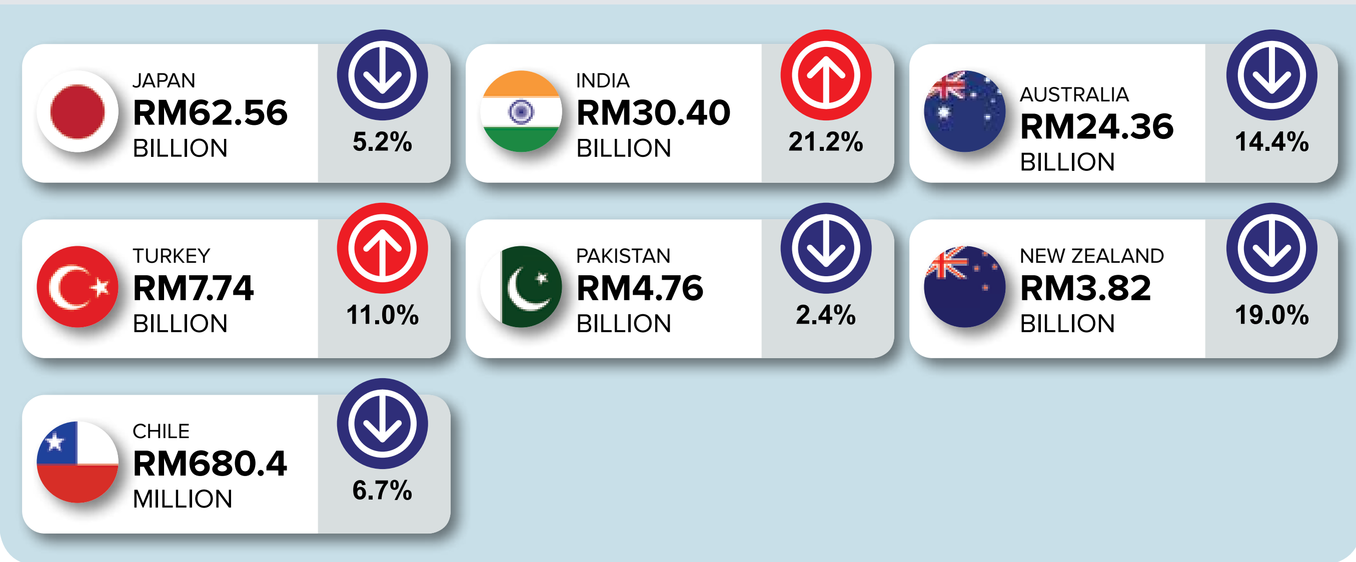
Note: *Indicate share of total, export & imports with FTA Partners

Source: Department of Statistics, Malaysia (DOSM)

Malaysia's exports to bilateral FTA partners recorded an overall decrease, except to Turkey. Due to higher exports of rubber goods, exports to Turkey increased by 11% to RM7.74 billion, while imports increased by 13.0% to RM2 billion. Iron and steel, petroleum and chemicals and chemical products constituted majority of the imports from Turkey. Imports from bilateral FTA partners witnessed a fluctuating trend, with decrease seen for Australia, Japan, Chile as well as New Zealand while India, Turkey and Pakistan recorded an increase. The following charts show the breakdown of exports and imports for the bilateral FTA partners.

EXHIBIT 2.6

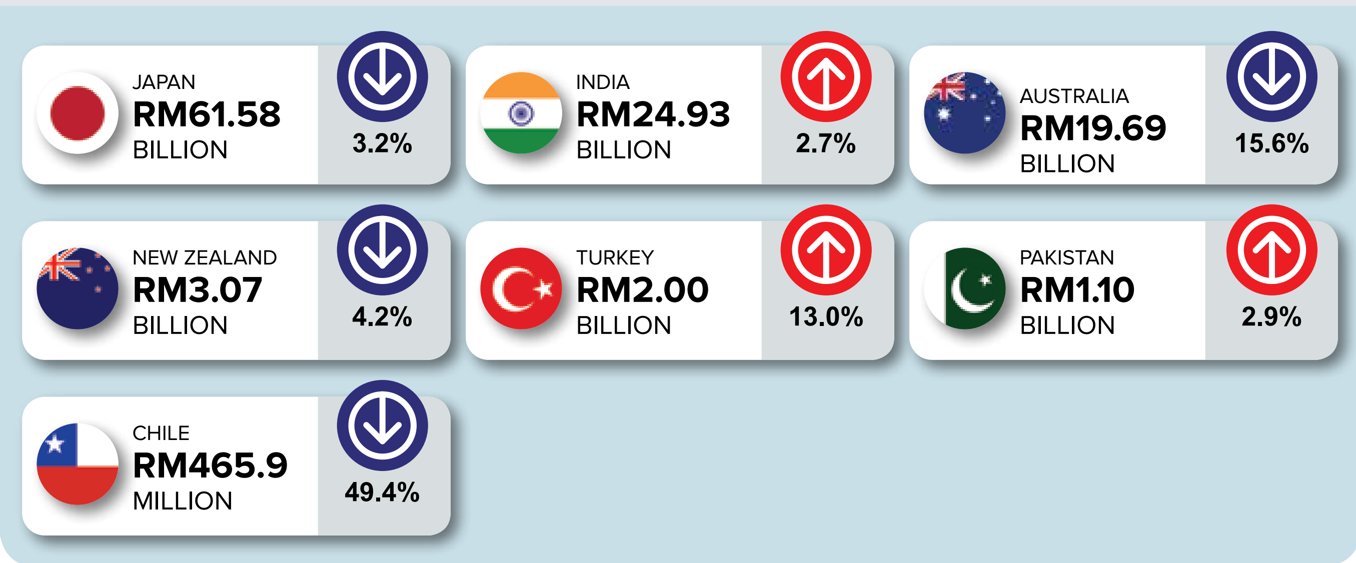
MALAYSIA'S EXPORTS TO BILATERAL FREE TRADE AGREEMENTS PARTNERS



Source: Department of Statistics, Malaysia (DOSM)

EXHIBIT 2.7

MALAYSIA'S IMPORTS FROM BILATERAL FREE TRADE AGREEMENTS PARTNERS



Source: Department of Statistics, Malaysia (DOSM)

Given Malaysia's reliance on international trade, Ministry of International Trade and Industry (MITI) has adopted pragmatic trade policies and accorded high importance to regional trade agreements. In line with this, Malaysia is currently a signatory to two of the world's largest trade agreements in terms of growth domestic product (GDP). The first is the RCEP, which accounts for 29.44% of the world's GDP (RM106.79 trillion) and second is the CPTPP, which accounts for 13.5% of the world's GDP (RM42.22 trillion). Malaysia's involvement in these two (2) 'mega-FTAs' is proof of MITI's active role in pursuing trade and investment arrangements which bring economic benefits to the country. MITI is in the midst of undertaking the necessary domestic measures before ratifying both agreements.

Comprehensive and Progressive Agreement for Trans-Pacific Partnership

On 8 March 2018, 11 participating countries – Australia, Brunei Darussalam, Canada, Chile, Japan, Mexico, New Zealand, Peru, Singapore, Viet Nam as well as Malaysia signed the CPTPP in Santiago, Chile. The signing ceremony of the final text was the accumulation of numerous rounds of negotiation, which began in 2010 as the Trans-Pacific Partnership (TPP) and evolved into the CPTPP in its current form when the US withdrew from the agreement in 2017.

Entered into force on 30 December 2018 for six (6) countries (Australia, Canada, Japan, Mexico, New Zealand, Singapore) and on 14 January 2019 for Viet Nam, the CPTPP constitutes one of the world's largest regional free trade and investment agreements, encompassing total population of 495 million people in the Asia-Pacific and over 15% of global trade. The agreement was negotiated to reduce tariff and non-tariff barriers to international trade in the region, and addresses matters such as intellectual property, investment, and dispute settlement, among others. In essence, the rights and obligations under the CPTPP fall into two (2) main categories: rules and market access.

The CPTPP is generally seen as a high standard and high-quality FTA. The agreement provides greater access to the services sector, investment protection and guarantees, opportunities in government procurement, facilitative framework for the digital economy and intellectual property protection.

For own reasons, four (4) countries, Brunei Darussalam, Chile, Peru and Malaysia have yet to ratify the CPTPP. Participation in the CPTPP presents an opportunity for Malaysia to enhance its competitiveness in the region as this will be central in achieving sustainable growth. As one of the key policy tools for economic recovery, agreements such as the CPTPP can bring in trade and investment into Malaysia which can help boost the economy, further strengthening our position as a preferred investment destination.

Malaysia will continue to foster a robust economic ecosystem that is driven by progressive trade and investment policies, which include an active pursuit of mutually-beneficial regional and bilateral trade agreements. This remains the motivation behind our participation in the CPTPP and RCEP, as well as the other existing FTAs. In addition to these agreements, Malaysia also continues to actively engage in other regional trade initiatives that will bring immense economic benefits to the country.

Malaysia-India Comprehensive Economic Cooperation Agreement

On 21 August 2020, the Department of Revenue, Ministry of Finance, India, issued a notification on new provisions of Rules of Origin (ROO). The notification, called the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (CAROTAR, 2020), has been implemented with effect from 21 September 2020. According to India, the new provisions have been framed with a view to verify the quality of products entering its market through inbound shipments as well as to ensure that there is no dumping of goods by a third party routed through an FTA partner country. Consequently, companies from Malaysia exporting to India and claiming benefits under FTAs, such as Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA), need to be prepared with documentation of regional value content and other requirements under the applicable FTA. Failure of compliance with these new requirements could have an adverse impact, including denial of FTA benefits and legal consequences.

On-going Negotiations

Malaysia recognises that a robust trade and investment ecosystem, complemented by an active pursuit of high-quality FTAs, is integral to improve and enhance the country's competitiveness. As a trading nation, FTAs serve an essential role in enhancing trade and investment inflows, which have become even more imperative now, as the country heads towards a post-COVID-19 recovery phase.

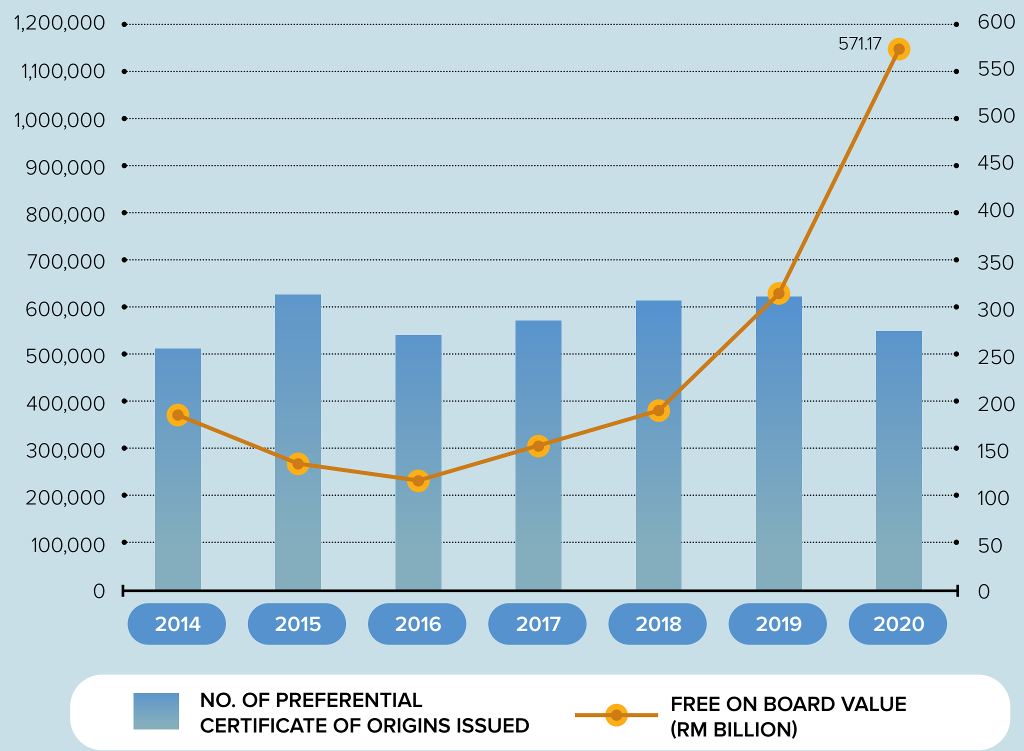
i. **Malaysia-European Union FTA**
The Malaysia-European Union FTA (MEUFTA) negotiations remained suspended in 2020 pursuant to the Cabinet's decision on 14 August 2019. However, MITI continued to engage with stakeholders on the way forward for MEUFTA negotiations. This is due to pertinent issues relevant to Malaysia which require close attention and further deliberation, such as the discriminatory treatment against palm oil products in the European Union (EU) as well as the different levels of ambition in areas such as Halal, Geographical Indications (GI) and Government Procurement (GP). Malaysia prefers for the entire package of MEUFTA to be fair and balanced, taking into consideration the policy space and right to regulate by the Malaysian Government.

ii. **Malaysia-EFTA Economic Partnership Agreement**
After an impasse since March 2017, the Malaysia-EFTA Economic Partnership Agreement (MEEPA) negotiations were resumed in February 2020. Both sides took stock of the progress made thus far and explored possible options to determine the way forward in all areas under discussion. These are trade in goods (including market access for industrial and agricultural products), sanitary and phytosanitary measures, technical barriers to trade, trade remedies, rules of origin, trade facilitation, trade in services, investment, legal and horizontal issues, competition, intellectual property rights, government procurement, and trade and sustainable development. It was also agreed that several follow-up actions and the 10th round of negotiations to be held in second quarter of 2020. However, the 10th round was postponed due to the COVID-19 pandemic.

Issuance of Preferential Certificate of Origin

EXHIBIT 2.8

NUMBER OF PREFERENTIAL CERTIFICATE OF ORIGINS AND TOTAL FREE ON BOARD VALUE (2014-2020)



Source: DagangNet

The Movement Control Order (MCO) imposed by the Government in first quarter 2020 and second quarter 2020 somehow has affected the number of PCOs issued for 2020. The effect can be seen in the decline in exports to ASEAN as well as to other FTA partners. In 2020, the number of PCOs issued decreased by 13% from 616,099 in 2019 to 546,719 in 2020. The decrease was the first in six (6) consecutive years since 2014. The efficacy of an FTA can be measured via its utilisation by exporters. For over a three-year period (2018 until 2020), approximately 1.8 million PCOs were issued with cumulative FOB value of 1.65 trillion, across all preferential schemes. ASEAN Trade in Goods Agreement (ATIGA) continued to be the lead FTA with the highest number of PCOs issued, despite a drop of 16% from 237,530 in 2019 to 205,233 in 2020.

The second highest PCOs issued were for the ASEAN-China FTA (ACFTA) with a total of 123,139 PCOs issued in 2020 as compared to 129,688 in 2019 followed by ASEAN-Australia New Zealand FTA (AANZFTA) and Malaysia Japan Economic Partnership Agreement (MJEPA) with 37,042. ASEAN-Korea FTA (AKFTA) was the 5th most utilised FTA with 43,158 and 36,347 PCOs issued respectively. Greater utilisation was also seen in the ASEAN-India FTA (AIFTA), Malaysia-India Comprehensive Economic Cooperation (MICECA) and Malaysia-Australia FTA (MAFTA).

The main products which had contributed to the issuance of PCOs in 2020 were E&E products, petroleum products, palm oil and palm oil-based agriculture products, chemical and chemical products as well as rubber products. There is a similar pattern in terms of main products of exports, seen across almost all FTAs, which is indicative of the stable demand for these products, from our FTA partners. It is noteworthy that there is a higher utilisation rate for the regional FTAs as compared with the bilateral FTAs. This was mainly due to the preference of exporters to utilise the regional FTAs as a wider source of raw materials.

CURRENT TRADE PRACTICES

Measures Related to Trade Remedies

Beyond the impact of global moderation in growth of both economic and trade activities, as well as the US-PRC trade dispute in 2019, the global economy continued to experience its deepest recession resulting from the containment measures implemented following the COVID-19 pandemic. As of mid-September 2020, a total of 141 countries were applying 330 emergency trade measures, in particular the non-tariff measures (NTMs), in which certain NTMs facilitated trade and some restricted trade. Major NTMs were imposed to ensure adequate supplies of food, medical goods, and personal protective equipment or to avoid entry of potential carriers of the disease into a country. Exports of essential goods by certain countries, particularly steel products were also hit by the surge of NTMs, such as anti-dumping, countervailing and safeguard probes undertaken by an importing country. An example, anti-dumping probe against PRC's exports of steel products is a long-standing issue, however, during the COVID-19 pandemic, they continued to be subjected to 15 new anti-dumping investigations on its steel exports in the first nine (9) months of 2020.

The consequences of the COVID-19 containment measure have also affected trade defence investigations by the Malaysian investigating authority mainly in two (2) ways. Firstly, the physical verifications by the investigating authority at the premise of producers or exporters of the product under investigation in the alleged countries. Secondly, the numerous requests for extension beyond the deadline by alleged producers and exporters and other interested parties who are located in COVID-19 affected areas and who may subject to containment measures which preventing or limiting their ability to reply on time questionnaires and other requests for information in the course of trade defence investigations. These are among the challenges experienced by the investigating authority in Malaysia during the COVID-19 crisis as trade remedy investigation is subject to a statutory time limit as outlined in the domestic act and its regulations.

Issues on trade remedy measures and notifications on trade remedy measures undertaken by the World Trade Organisation (WTO) member countries are discussed at the meeting of Rules Committee related to anti-dumping, subsidies and countervailing, and safeguards measures held bi-annually at the WTO. However, in 2020, in view of the COVID-19 containment and safety measures, the spring meeting of Rules Committees scheduled to be held in the week of 27 April 2020 had to be cancelled and carried forward to the October 2020 meeting virtually.

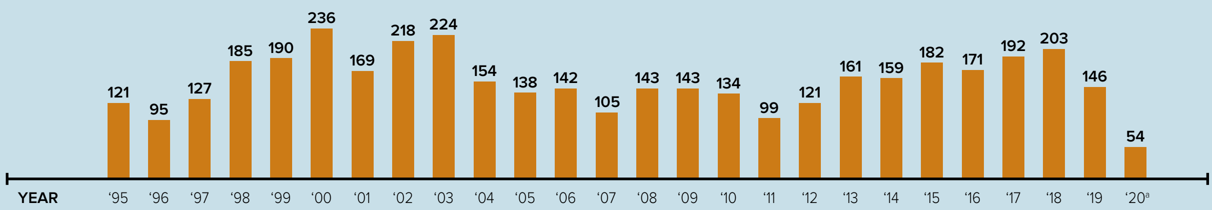
The meeting of the Rules Committees was also been informed about the withdrawal of the United Kingdom (UK) from the EU as of 1 February 2020. The EU and the UK have communicated that during the transition period, which ends on 31 December 2020, EU law with a few limited exceptions continues to be applicable to and in the UK. The UK has also separately submitted legislative notifications to the Committee since February 2020. In this regard, the EU has also reviewed certain imposition of duties or quota in relation to on-going trade remedy measures.

The following graphs depicted the fluctuating trend of trade remedies measures undertaken by WTO members, in particular post-Asian financial crisis 1998. From 1995-2020[a], the most affected sector by trade remedy measures was on metal products, followed by chemical products, plastic products, machinery and equipment, textiles and other products.

EXHIBIT 2.9

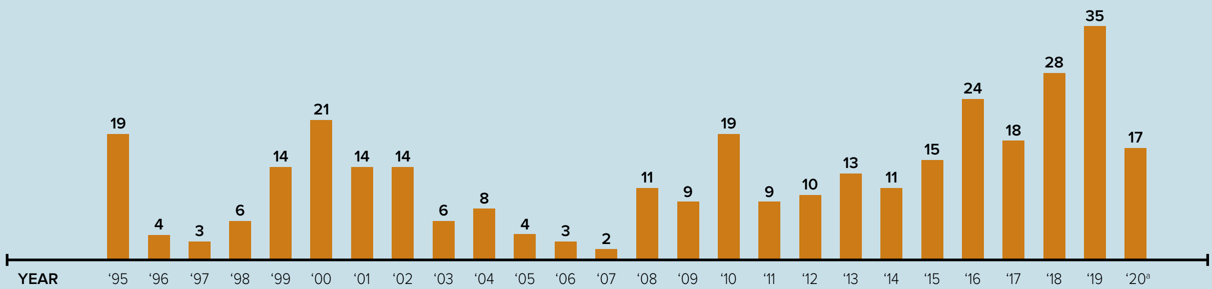
TRADE REMEDIES MEASURES UNDERTAKEN BY WORLD TRADE ORGANISATION MEMBERS

ANTI-DUMPING: NUMBER OF MEASURES BY WTO MEMBERS 1995-2020[a]



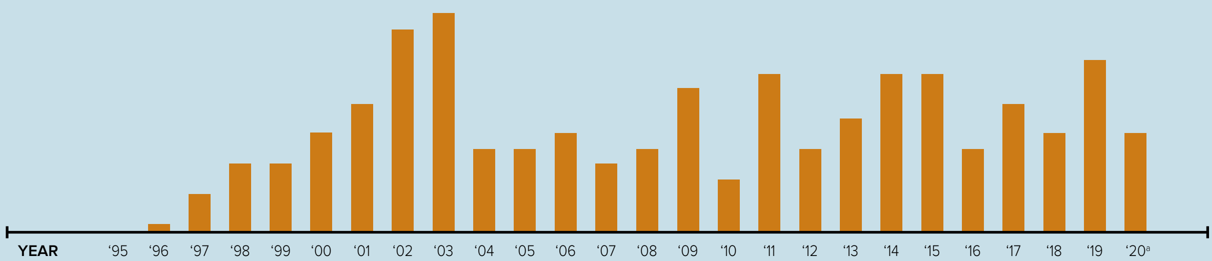
[a] Data for 2020 relates to the January-June period

COUNTERVAILING: NUMBER OF MEASURES BY WTO MEMBERS 1995-2020[a]



[a] Data for 2020 relates to the January-June period

SAFEGUARD: NUMBER OF MEASURES BY WTO MEMBERS 1995-2020[a]



[a] Data for 2020 relates to the January-June period

Source: World Trade Organisation Statistics

Year 2020 has been most challenging for Malaysian manufacturers as the impact of the economic disruptions arising from MCO, Conditional Movement Control Order (CMCO) and Recovery Movement Control Order (RMCO) that weighed heavily on their business activities. A total of three (3) anti-dumping measures have been imposed by the government of Malaysia on imports of steel concrete reinforcing bar originating or exported from Singapore and Turkey; cellulose fibre reinforced cement flat and pattern sheets from Indonesia, and flat rolled product of non-alloy steel plated or coated with aluminium and zinc from the PRC, ROK and Viet Nam. The imposition of the affirmative anti-dumping duties was necessary as imports of these subject merchandises from alleged countries, through the effects of dumping have caused material injury to domestic industry in Malaysia producing the like products. The measures were undertaken to ensure fair trading practices and creating a level-playing field for domestic producers in Malaysia vis-à-vis foreign producers and exporters.

The Government of Malaysia has also initiated global safeguard investigation on imports of ceramic floor and wall tiles products into Malaysia in 2020. However, the investigation was terminated after a negative preliminary determination whereby the investigation was unable to ascertain the causal link between the increase in imports of the products and the serious injury of the domestic industry.

Apart from that, three (3) anti-dumping investigations were also initiated by the government with regard to imports of cold rolled stainless steel originating or exported from Indonesia and Viet Nam; polyethylene terephthalate originating or exported from PRC, Indonesia, ROK and Viet Nam; and an expedited review of anti-dumping duties with respect to imports of steel concrete reinforcing bar originating or exported from a Turkish company. Malaysia implemented these measures in accordance with its domestic laws and regulations, namely the Countervailing and Anti-dumping Duties Act 1993, Countervailing and Anti-dumping Duties Regulations 1994, Safeguards Act 2006 and the Safeguards Regulations 2007. These legislations were established in compliance with provisions of the World Trade Organization Agreements on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, as well as the Agreement on Safeguards.

Reviewing Non-Tariff Measures

Malaysia Productivity Corporation (MPC) is entrusted in undertaking the review of the NTMs. To undertake this initiative, MPC was guided by three (3) references, namely a study report by the Integrated Trade Intelligence Portal (I-TIP)/UNCTAD), Customs Prohibition Order (CPO) 2017 lists, and inputs from technical experts and relevant stakeholders. The aim of this review is not only limited to convincing related Ministries and Agencies to adopt the Good Regulatory Practice (GRP) tools, but also focused on embedding GRP within their regulatory processes. The big challenge was to promote adoption of GRP from the initial stage of formal adoption to the final implementation and enforcement activities.

In the implementation stage, there were two (2) different indicators identified for this programme. The first indicator is the profiling of the identified and diagnosed NTMs (Adoption Indicator) where the baseline database was derived from the Economic Research Institute for ASEAN and East Asia (ERIA), which identified 13 institutions issuing up to 713 NTMs for over 5,000 products. The second indicator aims to achieve a 25% compliance cost savings by 2020. The compliance cost estimation was carried out for the regulatory regimes of the domestic regulations using the Standard Cost Model (SCM) approach. This estimation derived upon the inputs by authorities and a sample of business. This stage involves a qualitative study of engagements with business and interested parties impacted by the regulation.

A total of 16 Ministries at Federal Government level and five (5) Ministries at State Government level (Sarawak – three (3) Ministries, Sabah – two (2) Ministries) has participated in this initiative started from 2018 to 2020. Throughout the three-year review period (2018-2020), a total of 851 NTMs were reviewed from the baseline study reported in I-TIP and CPO 2017 lists, and out of the number, 419 NTMs were identified.

Good regulations lead to lower costs for business, higher productivity, more investment, and greater innovation. Reform of NTM regime increases productivity and helps domestic industries in taking advantages of gains from freer trade. This in return, contributes to more job creation, higher business growths and increases in proportions of private sector, while maintaining affordable prices, improving quality, and offering wider choices to consumers. Inefficient regulations, on the other hand, create constrains and hamper abilities of domestic firms to diversify and compete home or abroad.

A good regulatory environment will also tend to make a country more attractive for both domestic and international investments. The reviews of NTMs are one of the key strategic national initiatives that contribute to good regulatory practices and are able to increase the effectiveness, productivity and sustainability of sectoral levels, in line with the established nine Sectoral Productivity Nexus under Malaysia Productivity Blueprint (MPB).

OTHER INVOLVEMENTS

World Economic Forum Annual Meeting 2020

Malaysia, represented by the Minister of International Trade and Industry, participated in the World Economic Forum (WEF) Annual Meeting 2020 held from 21 to 24 January at Davos-Klosters, Switzerland. The theme of the meeting was “Stakeholders for a Cohesive and Sustainable World”. The Minister was invited to participate in several sessions, such as “Governing Digital Trade: Next Steps” and “Shaping ASEAN’s Agenda in the Global Context” as well as being a panel member in the Third Belt and Road Forum organised by the PRC where he spoke on Malaysia’s experience in the National Policy for Industry 4.0, the challenges faced in digital trade and initiatives to strengthen ASEAN regional integration. The 41st Ministerial Meeting of the Cairns Group, a group of 19 agriculture exporting WTO Members which included Malaysia, was also held at the sideline of the WEF on 23 January 2020 in Davos-Klosters. The Ministers called for the reduction by at least half the current sum of global agricultural trade- and production-distorting domestic support entitlements by 2030 as a foundation for a fair and market-oriented agricultural trading system.

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 2020, the working levels continued to implement the CCA Action Plan, endorsed by the Commonwealth Trade Ministers’ Meeting (CTMM) in 2019. The Commonwealth Heads of Government Meeting (CHOGM) scheduled to be held in Rwanda in June 2020 was postponed due to the COVID-19 pandemic.

INITIATIVES TO ADDRESS ISSUES AND CHALLENGES

The COVID-19 pandemic had a sweeping effect on the global trade and investment landscape. The WTO forecasts a 9.2% decline in the volume of world merchandise trade for 2020, followed by a 7.2% increase in 2021. This impact was not spared on Malaysia's economic relations with its strategic trade and investment partners. The annual engagements and meetings planned for 2020 had been affected as countries prioritised their effort in the containment of the pandemic and mitigating its impact through various measures introduced at the domestic front.

Bilateral Meetings

Bilateral Meetings were held with a view to strategise economic recovery measures to ensure business continuity for both sides and to promote international cooperation in effort to establish a global response to the pandemic. In this regard, virtual bilateral meetings conducted at the Ministerial level were:

i. between Senior Minister and the Minister for Trade, Ministry of Trade, Industry and Energy (MOTIE) of the ROK on 20 April 2020;
ii. between Deputy Minister and the Deputy Minister of Trade of the Republic of Turkey on 12 May 2020;
iii. between Senior Minister and the Deputy Prime Minister, Minister of Investments and Foreign Trade of Uzbekistan on 8 September 2020; and
iv. between Deputy Minister and the Assistant Minister of Commerce of the PRC on 11 November 2020.

Singapore and Malaysia have been actively engaged with each other bilaterally and regionally through the ASEAN platform to ensure the continuous flow of goods and movement of people amid the pandemic. On 14 July 2020, both countries have agreed on the implementation of the Reciprocal Green Lane (RGL) and Periodic Commuting Arrangement (PCA) to address the needs of different groups of cross-border travellers between both countries.

In particular, the RGL balances the need for businessperson from Malaysia and Singapore to make short, single-entry essential business travel between Malaysia and Singapore without risking the public health through implementation of strict standard operating procedures (SOPs) and controlled travel itinerary.

Webinars

Webinars and virtual roundtable meetings were also conducted as part of MITI's continuous efforts to promote two-way trade and investment activities with trading partners. The webinars conducted involved participation from key industrial players, as well as representatives from businesses, Government, associations and chambers. Webinars conducted were:

i. MEDEF International, a French Business Confederation (4 September 2020);
ii. Reconnect: Hong Kong SAR-Malaysia Partnership (24 September 2020);
iii. Malaysia-Ukraine: New Markets New Opportunities (Post COVID-19) (6 October 2020);
iv. Malaysia-Argentina: Strengthening Bilateral Trade and Investment in the New Normal (14 October 2020);
v. Malaysia-China Business Forum: New Normal, New Opportunities (Investment Webinar) (18 November 2020);
vi. Malaysia-Turkmenistan Virtual Roundtable Meeting (2 December 2020); and
vii. Malaysia2China: Seizsing Opportunities in PRC's Technological Rise (Trade Webinar) (10 December 2020).

In addition, MITI Agencies, namely Malaysian Investment Development Authority (MIDA), Malaysia External Trade Development Corporation (MATRADE) and InvestKL Corporation (InvestKL) also continued to undertake trade and investment promotion activities through multiple digital platforms.

Joint Trade Committee/Economic Cooperation Committee Meetings

i. First Meeting of the Joint Committee on Bilateral Trade and Investment Cooperation between Malaysia and United Kingdom, 24 November 2020

Malaysia and the UK achieved a milestone in their bilateral relations, post Brexit, with the inception of the Joint Committee on Bilateral Trade and Investment Cooperation, as a platform to strengthen bilateral trade and investment ties between the two (2) nations, as well as open more doors for businesses, partnerships and joint ventures. The move is a proactive measure to ensure the sustainability of trade and investment cooperation between Malaysia and the UK amidst the COVID-19 pandemic. The Joint Committee endorsed a few key areas of cooperation including Education; Standards and Conformity Assessment; Micro, Small to Medium Enterprises (MSMEs) Development; Halal Industry and Legal Services; among others.

ii. Third Economic Cooperation Working Group Meeting between Malaysia and the People's Republic of China

The Third Economic Cooperation Working Group (ECWG) meeting between Malaysia and the PRC was held virtually on 28 July 2020. The ECWG meeting held between MITI and the Ministry of Commerce (MOFCOM) deliberated on topics related to economic and trade cooperation between the two (2) nations. Among others, both Malaysia and PRC emphasized the importance to implement the Five-Year Programme for Economic and Trade Cooperation and to strengthen the Belt and Road Initiative linkages between Malaysia and PRC.

iii. Fifth Malaysia-Taiwan Economic Cooperation Committee

The Fifth Malaysia-Taiwan Economic Cooperation Committee (MTECC) meeting was held virtually on 3 November 2020. MTECC meeting comprised three (3) working groups namely, Trade, Investment and Small and Medium-Sized Enterprise (SME) Development. The annual meeting serves as a platform to discuss and resolve issues which impede bilateral trade and investment, as well as potential collaborations under the three (3) working groups.

Engagements with Stakeholders

MITI continued stakeholders' engagements to explore further opportunities to enhance two-way trade and investment as well as to facilitate concerns/ issues faced by local and foreign businesses and investors in Malaysia. These include, engagements with the China Enterprises Chamber of Commerce in Malaysia (CECCM), Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM), Malaysia-China Chamber of Commerce (MCCC), British High Commissioner's Premier Club, Malaysia-Kazakhstan Business Council, Malaysia-Uzbekistan Business Council, SME International Trade Association of Malaysia (SMITA), American Malaysian Chamber of Commerce (AMCHAM Malaysia), EU-Malaysia Chamber of Commerce and Industry (EUROCHAM Malaysia) and Japanese Chamber of Trade & Industry, Malaysia (JACTIM).

Second Series of Spanish Language Course

For the second consecutive year, MITI in collaboration with the Government of Colombia through the Embassy of Colombia in Kuala Lumpur had organised the 2020 Spanish Language Course. Through the programme which was conducted beginning October until December 2020, officials from MITI and its Agencies, and the officials from the Royal Malaysia Police, had the opportunity to successfully complete the 110 hours Spanish language course conducted online by the University of La Sabana, Colombia.

ASEAN ECONOMIC INTEGRATION

Despite the uncertainties due to the global COVID-19 pandemic, Viet Nam successfully concluded its Chairmanship for ASEAN in 2020 with the theme "Cohesive and Responsive". AMS focused efforts in responding to the pandemic while continuing the ASEAN integration agenda and better preparation for a more inclusive and resilient future. For example, on 10 March 2020, during the 26th ASEAN Economic Ministers' (AEMs) Retreat in Da Nang, the AEMs adopted the Statement on Strengthening ASEAN's Economic Resilience in Response to the Outbreak of COVID-19. The AEMs Statement not only showed support to countries affected by the virus but also send a strong signal that ASEAN is united and determined to take measures to mitigate the impact of COVID-19 through strengthening regional economic resilience. Subsequently, on 4 June 2020, the AEMs Meeting adopted the Ha Noi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to COVID-19. The plan aims to boost the region's economy by keeping supply chains open despite the pandemic situation. AMS agreed to implement the action plan to counter the adverse impact of the pandemic by ensuring that the markets for essential goods remain open and economic cooperation among countries in the bloc is strengthened.

During the 37th ASEAN Summit and Related Meetings that was held virtually from 9 to 15 November 2020, signed the RCEP Agreement, by the 10 AMS and five (5) other ASEAN-FTA partners namely PRC, Japan, Korea, Australia and New Zealand. Senior Minister of International Trade and Industry, YB Dato' Seri Mohamed Azmin Ali signed the agreement on behalf of Malaysia witnessed by the Prime Minister, YAB Tan Sri Dato' Haji Mahiaddin Md. Yasin. The ASEAN Leaders also adopted the ASEAN Comprehensive Recovery Framework (ACRF) which is a cross-pillar initiative to serve as a guide for ASEAN's collective recovery from the pandemic.

Under Viet Nam's ASEAN Chairmanship in 2020, 13 Priority Economic Deliverables (PED) was identified under three (3) strategic thrusts as follows:

THRUST 1 **Promoting intra-ASEAN economic integration and connectivity**

- ASEAN Digital Integration Index
- Energy Transition Towards Sustainable Development (ongoing)
- Formation of an ASEAN statistical information system on sustainable development
- Development of a Roadmap and Action Plan to promote smart manufacturing development in ASEAN (ongoing)
- Promoting Regional Payment Connectivity
- Developing ASEAN Guidelines for 5G Ecosystem Development in ASEAN (ongoing)
- Lowering international mobile roaming charges (IMR) (ongoing)

THRUST 2 **Deepening ASEAN engagement with the global community for peace and sustainable development**

- Final conclusion and signing of the RCEP Agreement

THRUST 3 **Enhancing the responsiveness and institutional capacity of ASEAN**

- Strengthening the implementation of the ASEAN Economic Community (AEC) Blueprint 2025
- Development of a Roadmap on Combating Illegal, Unreported and Unregulated (IUU) Fishing in the ASEAN Region (2020-2025) (ongoing)
- Promote Sustainable Financing in ASEAN
- Connecting Innovation Centres in ASEAN
- Development of ASEAN Integrated Food Security (AIFS) Framework and Strategic Action Plan on ASEAN Food Security (SPA-FS) (2021-2025)

Five (5) PEDs namely Energy Transition Towards Sustainable Development; Development of a Roadmap and Action Plan to promote smart manufacturing development in ASEAN; Developing ASEAN Guidelines for 5G Ecosystem Development in ASEAN; IMR; and Development of a Roadmap on Combating IUU Fishing in the ASEAN Region (2020-2025) were not able to be completed in 2020 due to the COVID-19 pandemic. These PEDs will be carried forward into the 2021 Annual Priority of ASEAN which will be pursued under Brunei Darussalam as the ASEAN's Chair for 2021.

ASEAN's Collective Response on Mitigating COVID-19 Pandemic

Apart from points that had been explained earlier, to manage the serious impact caused by COVID-19 pandemic, two (2) initiatives were decided in conjunction with the ASEAN Summit.

i. **Signing of the Memorandum of Understanding on the Implementation of Non-Tariff Measures on Essential Goods**

AEMs on 13 November 2020 signed the Memorandum of Understanding (MoU) to mitigate the economic impact of the COVID-19 on ASEAN, strengthen the supply chain connectivity, and reduce the administrative burden on businesses. It covers 152 products comprising foods, medicines, and medical and other essential supplies such as test kits and equipment and valid for two (2) years from its signing unless the Member States agree otherwise, following a mid-term review. In keeping the MoU as a living document, as agreed during the 19th ASEAN Economic Community Council (AECC) Meeting on 10 November 2020, the AEMs agreed to keep the list of essential goods updated to remain relevant and timely. Thus, the expansion of list of essential goods is being discussed at senior official level to include food and agricultural products, and expected to be endorsed by AEMs by September 2021.

ii. **Adoption of the ASEAN Comprehensive Recovery Framework and its Implementation Plan**

On 12 November 2020, ASEAN Leaders adopted the ACRF and its implementation plan. The ACRF serves as a consolidated exit strategy for ASEAN to emerge stronger and more resilient from the COVID-19 crisis. The objectives of the ACRF are to:

- guide ASEAN sectors to assess, realign or expedite work and priorities;
- provide a reference and set priorities across pillars of ASEAN and the broader stakeholders;
- outline ASEAN engagement with partners and external stakeholders; and
- contribute to ASEAN Community Vision 2025 and the strengthening of future resilience.

ASEAN with Dialogue Partners

In addition to the aspects of trade between member countries that will usually be discussed, due to the impact of the COVID-19 pandemic across the globe, the ASEAN dialogue sessions with dialogue partners throughout the year and in conjunction with the ASEAN Summit this time also included discussions and remedial actions related to the pandemic. This development directly demonstrates the concern and commitment shown by the member countries of the trading partners involved, namely Japan, ROK and the PRC.

i. **ASEAN-Japan Economic Ministers' Joint Statement on Initiatives on Economic Resilience in Response to COVID-19 Outbreak and ASEAN-Japan Economic Resilience Action Plan**

On 22 April 2020, the AEMs and the Minister of Economy, Trade, and Industries of Japan adopted the ASEAN-Japan Economic Ministers' Joint Statement on Initiatives on Economic Resilience in Response to the COVID-19 Outbreak to mitigate the adverse impact of the pandemic on the economy. The Action Plan aims to enhance cooperation in mitigating the economic challenges brought about by the COVID-19 pandemic and ensure long-term economic resilience for ASEAN and Japan's post-pandemic recovery. A total of 52 strategic measures have been listed in the Action Plan.

ii. **ASEAN-China Economic Ministers' Joint Statement on Combatting COVID-19 and Enhancing ASEAN-China Free Trade Agreement Cooperation**

On 29 May 2020, the AEMs and the Minister of Commerce of PRC adopted the ASEAN-China Economic Ministers' Joint Statement on Combatting COVID-19 and Enhancing ACFTA Cooperation. The importance of the ASEAN-China cooperation in mitigating the impact of COVID-19 was reaffirmed through various meetings throughout 2020, which include the Special ASEAN-China Foreign Ministers' Meeting on COVID-19 on 20 February 2020 and the Special ASEAN Plus Three (APT) Summit on COVID-19 on 14 April 2020 as well as the Special ASEAN-China Transport Ministers' Meeting on COVID-19 on 16 July 2020.

Cooperation initiatives between ASEAN and PRC continued to strengthen through various ASEAN platforms, mechanisms and its implementations which include regular, timely and transparent sharing and exchanges of situation updates, technical information and experiences in response to the outbreak, sharing experiences in prevention and control, diagnosis and treatment, and other aspects of national responses, and PRC's support including its committed financial contribution to the COVID-19 ASEAN Response Fund, including an exclusive allocation from the ASEAN-China Cooperation Fund to support programmes in public health sector as well as the provision of medical supplies and equipment to AMS.

Furthermore, during these meetings, commitment to further strengthen ASEAN-China economic cooperation, including through supporting the multilateral trading system and enhancing regional economic integration frameworks were reaffirmed. Also welcomed was the entry into force of the Upgrading Protocol under the ACFTA as well as the implementation of the enhanced rules for trade in goods under the protocol. Both ASEAN and China continued to forge on other aspects of the future Work Programme under the protocol as well as cooperation in new areas such as e-commerce, non-tariff barriers and MSMEs to further enhance the FTA. In this regard, ASEAN and PRC reaffirmed commitment towards facilitating trade and investment to maintain regional and global supply chain connectivity.

iii. **ASEAN Plus Three Economic Ministers' Joint Statement and Plan of Action on Mitigating the Economic Impact of the COVID-19 Pandemic**

The Economic Ministers from ASEAN, the PRC, Japan, and the ROK adopted the Joint APT Ministerial Statement on Mitigating the Economic Impact of COVID-19 Pandemic on 4 June 2020. The APT Ministers subsequently endorsed the Plan of Action on Mitigating the Economic Impact of COVID-19 Pandemic at the 23rd APT Consultations held virtually on 28 August 2020. The Plan of Action aims to induce cooperation and coordination between APT countries under the APT cooperation framework in mitigating the economic impact of the COVID-19 pandemic on the region, as well as preparing for future emergency situations and achieving post-pandemic economic recovery.

The Plan of Action identifies measures to be adopted by the AMS and APT countries under two (2) main objectives, namely (i) keeping markets open for trade and investment, in consideration of their individual domestic laws, and regulations, and (ii) strengthening the region's economic resilience. APT countries will work together to promote and facilitate smooth flow of essential goods, including food, commodities, medicine, and medical supplies associated with combating the COVID-19 pandemic in the short-term while striving to strengthen the resiliency, complementarity, and sustainability of the region's supply chain connectivity in the long-term. The Plan of Action will be implemented in accordance with the rights and obligations of AMS and the APT countries under the General Agreement on Tariffs and Trade (GATT) 1994 and WTO covered agreements, and principles of international law as well as being consistent with the Ha Noi Plan of Action. It is not in any way intended to limit the policy space of the AMS and the APT countries with respect to the adoption and implementation of measures necessary to secure national interests as well as general welfare of the people as it does not create rights nor obligations under international laws.

iv. ASEAN-ROK Economic Ministers' Joint Initiatives on Bolstering the Economic Connectivity

During the 17th AEM-ROK Consultation on 29 August 2020, the AEMs and the ROK also adopted the ASEAN-ROK Economic Ministers' Joint Initiatives on Bolstering the Economic Connectivity between ASEAN-ROK in response to the COVID-19 outbreak.

MULTILATERAL TRADE NEGOTIATIONS

World Trade Organisation Reforms

For the past 25 years 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. Even before the COVID-19 pandemic, all three (3) of the organisation's functions of providing a negotiation forum to liberalise and establish new rules; monitoring trade policies; and resolving disputes between its 164 Members faced challenges. The COVID-19 pandemic intensified these challenges. To reinvigorate the WTO, reform was essential. Generally, members identified three (3) key areas on reforming the WTO: 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.

In terms of dispute settlement, as of 31 December 2020, a total of 598 cases have been filed for arbitration by WTO members. Of that total, 174 cases were appeals, an indication that members believed in the effective enforcement of rules to uphold an equitable, secure, and predictable multilateral trading system. 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.

Trade Policy Review Body

As the COVID-19 pandemic continued throughout 2020, the role of the WTO remained vital in ensuring the continued flow of vital medical supplies and other essential goods and services across borders during the crisis. Trade-restrictive emergency measures aimed at protecting health, if deemed necessary, should be targeted, proportionate, transparent, and temporary to avoid creating unnecessary barriers to trade. Under the ambit of the Trade Policy Review Body (TPRB), the Director General of the WTO has instructed all members to provide information on all trade and trade-related measures taken for preparation of the WTO Trade Monitoring Report, which was launched on 24 July 2020. As part of its commitment under the WTO, Malaysia has also notified its export prohibition measure on face masks to the WTO, in the Director General's request on Trade Monitoring Report and COVID-19 related trade measures through the WTO TPRB in April 2020.

Palm Oil Issue

Malaysia has actively utilised the WTO platform to address the discriminatory measures imposed by other members against palm oil. In fact, Malaysia spearheaded the Friends of Palm Oil (FPO) grouping with other palm oil producing countries' Permanent Missions to the WTO in 2017. Malaysia consistently raised concerns on palm oil in eight WTO meetings, i.e Committee on Trade in Environment, Technical Barriers to Trade and Council on Trade in Goods throughout 2018 to 2020. In December 2019, Indonesia filed a dispute case against the EU claiming that the Renewable Energy Directive (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 continued to actively participate in the case.

BOX ARTICLE 2.1 **The Role of EXIM Bank Malaysia**

EXIM Bank Malaysia (MEXIM Bank), the policy bank with role-based approach, is the only Development Financial Institution (DFI) in Malaysia dedicated to promoting the development of cross-border ventures through the provision of financing and insurance/takaful facilities to Malaysian entities conducting their business overseas. The bank is owned by the Ministry of Finance (Incorporated), prescribed under Bank Negara Malaysia's DFI Act 2002 and under the purview of the Ministry of International Trade and Industry (MITI).

For the year 2020, recognising the significant socio-economic impact that COVID-19 had on Malaysia, the bank continued to galvanise the nation's agenda in stimulating cross border trade by continuing its effort at providing financial support to Malaysian exporters. During the financial year 2020 MEXIM, has provided RM5.13 billion in financial and coverage assistance.

As part of the Bank's Performance Management Framework (PMF) for DFI, it has also worked to capture its broader contribution beyond financing growth indicators. In improving the Bank's socio-economic contribution through cross-border financing, MEXIM has approved RM359.0 million in financing facilities to the underserved. This is 10% beyond the Bank's target for 2020. In addition to this, in-line with Bank Negara's announcement on a six-month moratorium in March 2020, the bank also extended the automatic moratorium to all of its clients up to September 2020. In the National Budget 2021, MEXIM will be providing RM300 million to drive the National Supply Chain (NSC) Finance Platform, known as Jana Niaga. This is a Trade Finance platform established in collaboration with local small and medium-sized enterprises (SMEs) and major Government-Linked Companies (GLCs) such as PETRONAS, Tenaga Nasional Berhad and Telekom Malaysia Berhad.

Notwithstanding the impact of COVID-19, the bank continuously strives to support the nation's ambition of becoming a Globally Competitive Trading Nation through provision of cross border financing, as well as new programmes and initiatives which can help propel Malaysia to become a developed nation.

MALAYSIA'S HOSTING OF ASIA PACIFIC ECONOMIC COOPERATION 2020

Malaysia is one of the founding members of Asia Pacific Economic Cooperation (APEC) since the regional forum was established in 1989, and 2020 was a year of historic significance for Malaysia as the proud host of the APEC meeting for the second time, after 22 years, and was held on 20 November 2020, preceded by the APEC Ministerial Meeting (AMM) on 16 November 2020. This marks the first time that the APEC Economic Leaders' Meeting (AELM) and AMM are convened in a fully virtual format. As the host of APEC 2020, Malaysia also shouldered the responsibility of leading the formulation of key policy documents that will chart the future of the region post the Bogor Goals as well as ensuring the issuance of a consensus Leaders' Declaration which has unfortunately remained elusive for the past two (2) years. These documents were of critical importance, not only for Malaysia, but also for APEC as a whole.

Malaysia successfully concluded APEC 2020 on a high note, with the adoption of the APEC Putrajaya Vision 2040, and the 2020 Kuala Lumpur Declaration. It was the first ever fully virtual AELM. The AELM was chaired by YAB Tan Sri Dato' Haji Mahiaddin Md. Yasin, Prime Minister of Malaysia. The Meeting was participated by all 21 APEC Economic Leaders. Malaysia successfully concluded its hosting year with the launch of the two (2) most important deliverables for APEC 2020, namely:

i. APEC 2020 Kuala Lumpur Declaration; and
ii. APEC Putrajaya Vision 2040.

The Putrajaya Vision aspires for an open, dynamic, resilient, and peaceful Asia Pacific community by 2040, for the prosperity of all our people and future generations. The Vision also identifies three (3) key economic drivers to achieve this aspiration, namely Trade and Investment; Innovation and Digitalisation; as well as Strong, Balanced, Secure, Sustainable and Inclusive Growth. In addition to the Putrajaya Vision, the Leaders also adopted a consensus Declaration, a document that has remained elusive in the past two (2) years. In the Kuala Lumpur Declaration, the Leaders highlighted the need to facilitate equitable access to safe, effective, and affordable vaccines. They also noted the importance of a free, open, fair, non-discriminatory, transparent and predictable trade and investment environment to drive economic recovery, and reaffirmed support for the on-going work at the WTO, including through necessary reforms aimed at improving its functioning. Leaders called for an enabling environment that supports the development of digital economy as well as inclusive economic policies to facilitate post-pandemic regional recovery and growth. They noted the need to advance human resource development and strengthen economic and technical cooperation in order to ensure that affected workers are afforded appropriate support. Leaders expressed hope that new technologies enable the region to handle resources and waste more sustainably, and in a holistic manner. They also made a commitment to support global efforts to tackle climate change, extreme weather and natural disasters.

New Norm: Farewell to Physical Meetings, Pioneering Virtual Hosting of APEC

However, the method of holding discussion sessions and meetings in conjunction with the APEC 2020 Summit began to change due to the COVID-19 pandemic and turned the tables on Malaysia's planning to host the APEC meetings physically. The pandemic caused Malaysia to reset its planning for the hosting of APEC 2020. Malaysia embraced it by adapting to the new norm and called to host the APEC meetings in a full virtual format. The bold decision opens a new landscape in creating a historical experience of the first-ever APEC virtual meeting. The biggest challenge that the APEC 2020 National Secretariat faced was the change in format from physical meetings to virtual meetings. As a pragmatic response to the challenges brought about by the pandemic, Malaysia has adopted the following 3P approach:

i. Pivot: To ensure that APEC work programmes respond promptly and effectively to the COVID-19 crisis;
ii. Prioritise: To identify key meetings and events that must be held this year, which are essential for the advancement and realisation of Malaysia's priority areas and targeted deliverables; and
iii. Progress: To embrace the new normal by convening all meetings in a virtual format.

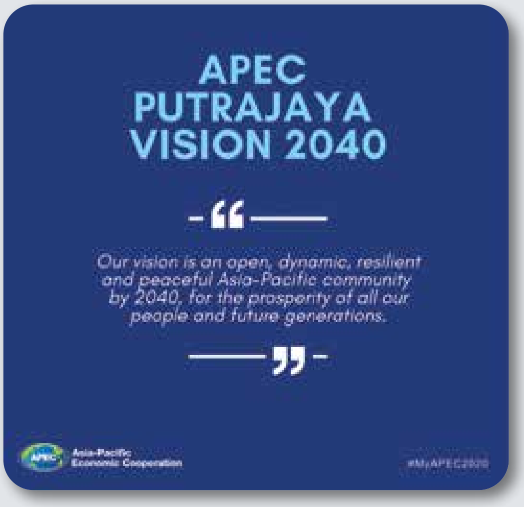
In a show of rapid response by APEC in times of crisis, a Statement by the APEC Ministers Responsible for Trade (MRT) on COVID-19 was issued on 5 May 2020. This Statement was special in that the entire process of drafting, negotiating, and finalising was done virtually. It was through Malaysia's leadership and flexibility that APEC successfully issued this Statement on 5 May 2020. The Statement contains initial, yet specific instructions from the Trade Ministers for the 21 APEC Economies to take steps to combat the pandemic and mitigate the resulting impact.

Malaysia embarked on her first-ever historical digital journey in APEC through the hosting of the Virtual Extraordinary Senior Officials' Meeting (VESOM) on COVID-19 that was held on 27 May 2020. In leading up to the Virtual AELM which was successfully held on 20 November 2020, Malaysia managed to successfully host 65 virtual meetings, inclusive of seven (7) Ministerial-level meetings.

On 25 July 2020, the APEC MRT Meeting chaired by YB Dato' Seri Mohamed Azmin Ali, Senior Minister of International Trade and Industry was convened in a fully virtual format – the first time in the history of APEC. The Meeting reached consensus on the Virtual MRT (VMRT) Statement that was issued by the Ministers. The Statement clearly outlines APEC commitment to support the work of WTO, advance efforts in trade facilitation initiatives as well as strengthen the resilience of supply chains in APEC. The Statement also acknowledges the importance of a free, open, fair, non-discriminatory, transparent and predictable trade and investment environment in APEC, in order to drive economic recovery during this challenging time.

Finally, in the lead up to the conclusion of APEC 2020, Malaysia convened the AMM on 16 November 2020. Following the meeting, APEC Ministers issued the Joint Ministerial Statement reflecting APEC concerted effort to push forward a regional economic recovery in the region. Ministers assessed the forum's achievements in 2020, provided guidance on future work based on trade and investment, digital economy and technology, structural reform, economic and technical cooperation, and APEC institutional matters.

BOX ARTICLE 2.2 Putrajaya Vision 2040



In the aspiration for a more integrated and open region, the APEC Leaders back in 1994, had adopted the Bogor Goals, which aims for a free and open trade and investment by 2020. In materialising the aspiration, the Osaka Action Agenda was formulated in 1995 based on 15 specific areas. This year marks the maturity of the Bogor Goals, requiring a new set of vision for APEC to chart the future path. In 2020, during Malaysia's hosting year, APEC Leaders successfully adopted the APEC Putrajaya Vision 2040.

APEC Putrajaya Vision 2040 is a standalone document outlining APEC Economies' aspiration and way forward for APEC for the next 20 years. The Vision aspires for an open, dynamic, resilient and peaceful Asia Pacific community by 2040, for the prosperity of all our people and future generations. The Vision also identifies three (3) key economic drivers to achieve this aspiration, namely:

i. **Trade and Investment:**
Commitment by APEC Economies to work together to deliver a free, open, fair, non-discriminatory, transparent, and predictable trade and investment environment.

ii. **Innovation and Digitalisation:**
To foster an enabling environment that is market-driven and supported by digital economy and innovation, so as to empower people and businesses to participate and grow in an interconnected global economy.

iii. **Strong, Balanced, Secure, Sustainable and Inclusive Growth:**
To promote economic policies and cooperation that address social, economic and environmental challenges that will bring benefits and wellbeing to all.

While the discussion for the Vision commenced as early at 2016, APEC 2020 saw Malaysia spearheading the process on the architecture of the Vision Malaysia. The process commenced as far as 2016, however the formulation started in December 2019 and progressed over the year with multi-stakeholder engagements and twelve rounds of Virtual Senior Officials' Meeting Dedicated Session.

To ensure the success and materialisation of the APEC Putrajaya Vision 2040, an implementation plan will be developed in 2021 under New Zealand's chairmanship. Senior Officials will commence initial discussion during the Informal Senior Officials' Meeting (ISOM) hosted virtually by New Zealand on 9 to 11 December 2020 on how to undertake this big task forward.

Asia-Pacific
Economic Cooperation

APEC 2020
MALAYSIA

APEC PUTRAJAYA VISION 2040

Our Vision is an open, dynamic, resilient and peaceful Asia-Pacific community by 2040, for the prosperity of all our people and future generations.

Remaining committed to APEC's mission and its voluntary, non-binding and consensus-building principles, we will achieve this Vision by pursuing the following three (3) economic drivers:

Trade and Investment: To ensure that the Asia-Pacific remains the world's most dynamic and interconnected regional economy, we acknowledge the importance of, and will continue to work together to deliver, a free, open, fair, non-discriminatory, transparent and predictable trade and investment environment. We reaffirm our support for agreed upon rules of the WTO in delivering a well-functioning multilateral trading system and promoting the stability and predictability of international trade flows. We will further advance the Bogor Goals and economic integration in the region in a manner that is market-driven, including through the work on the Free Trade Area of the Asia-Pacific (FTAAP) agenda which contributes to high standard and comprehensive regional undertakings. We will promote seamless connectivity, resilient supply chains and responsible business conduct.

Innovation and Digitalisation: To empower all our people and businesses to participate and grow in an interconnected global economy, we will foster an enabling environment that is, among others, market-driven and supported by digital economy and innovation. We will pursue structural reforms and sound economic policies to promote innovation as well as improve productivity and dynamism. We will strengthen digital infrastructure, accelerate digital transformation, narrow the digital divide, as well as cooperate on facilitating the flow of data and strengthening consumer and business trust in digital transactions.

Strong, Balanced, Secure, Sustainable and Inclusive Growth: To ensure that the Asia-Pacific region is resilient to shocks, crises, pandemics and other emergencies, we will foster quality growth that brings palpable benefits and greater health and wellbeing to all, including Micro, Small and Medium Enterprises (MSMEs), women and others with untapped economic potential. We will intensify inclusive human resource development as well as economic and technical cooperation to better equip our people with the skills and knowledge for the future. We will promote economic policies, cooperation and growth which support global efforts to comprehensively address all environmental challenges, including climate change, extreme weather and natural disasters, for a sustainable planet.

To maintain APEC's unique position as the premier forum for regional economic cooperation as well as a modern, efficient and effective incubator of ideas, we will embrace continuous improvement of APEC as an institution through good governance and stakeholder engagements. We will advance the APEC Putrajaya Vision 2040 with a spirit of equal partnership, shared responsibility, mutual respect, common interest, and common benefit. We will achieve the Vision by 2040, with an appropriate implementation plan and review of its progress.

COVID-19 Pandemic: Cooperation and Commitment

In response to the pandemic, on 25 July 2020, the APEC MRT made a Declaration on Facilitating the Movement of Essential Goods by the APEC MRT. Economies impressed on the importance of the continuous trade flow during the pandemic and their commitment to work together to facilitate the flow of essential goods at this critical time. The call impressed on ensuring commitments to address trade facilitation, export restrictions and non-tariff barriers of essential goods. Malaysia together with the APEC Economies established a platform known as the COVID-19 Latest and Immediate Virtual Exchange (COVID-19 LIVE) to undertake a coordinated approach to collect and share information on policies and measures by APEC Economies to tackle the COVID-19. Malaysia as the host of APEC 2020 took the initiative to propose for a digital platform called the COVID-19 LIVE, which serves as a tool for information sharing among APEC Economies to improve the region's preparedness against pandemics.

Malaysia as the host of APEC 2020 took the initiative to propose for a digital platform called the COVID-19
Latest and Immediate Virtual Exchange (LIVE), which serves as a tool for information sharing among APEC Economies to improve the region's preparedness against pandemics.

Malaysia and several other Economies continued to support China's proposal to establish the APEC Support Fund (ASF) Sub-fund on Combatting COVID-19 and Economic Recovery (CCER). The objective is to express APEC's relevance and commitment to addressing the economic impact of COVID-19 faced by Economies. Malaysia has pledged to make a RM1 million voluntary contribution of to the sub-fund once the proposal is endorsed.

Malaysia continued to implement the project Next Generation MSME-Specific Provisions and Possible Next Steps, which was endorsed in 2019. The project builds on outcomes of the Survey on MSME/MSME-Related Provisions in APEC Economies' FTAs/ Regional Trade Agreements (RTAs) undertaken by the Philippines and seeks to identify potential next generation MSME-specific provisions and possible next steps for the Work Programme on MSMEs in Free Trade Area of the Asia Pacific (FTAAP). Malaysia will hold a Workshop in 2021, which will discuss possible MSME-specific provisions in an eventual FTAAP that would increase the ability of MSMEs to internationalise and increase engagement in global trade.

In addition, Malaysia also took a proactive measure in APEC by organising a self-funded project on Multi-year Policy Dialogue (MYPD) on Innovative Waste Management which ties with APEC 2020 third priority: Driving Innovative Sustainability. The project was co-sponsored by Chinese Taipei and Thailand with support from the Policy Partnership on Food Security (PPFS), Energy Working Group (EWG), Policy Partnership for Science, Technology, and Innovation (PPSTI), and Agricultural Technical Cooperation Working Group (ATCWG). The objective of this project is in keeping with APEC's target in the Food Security Roadmap for APEC Economies to reduce food losses and waste by 10% by 2020.

Throughout the APEC 2020, Steering Committee on Economic and Technical Cooperation (SCE) and its sub-fora have successfully issued four (4) Ministerial Statements during 10th APEC High-Level Meeting on Health and Economy, Women and the Economy Forum, SME Ministerial Meeting and Ministerial Policy Dialogue on Food Security Statement. SCE and its sub-fora also produced several significant deliverables including the finalisation of the respective Implementation Plans for the APEC Roadmap on Marine Debris and on Combatting IUU Fishing by the Oceans and Fisheries Working Group (OFWG).

Economies had made progress across all three (3) pillars. Malaysia in particular continues to accord priorities and intensified its related actions in the areas of public consultation reforms, SMEs integration as well as women's empowerment. The stock-take and recommendations from the final review report serve as input to the Committee in formulating the Enhanced APEC Agenda for Structural Reform – EAASR (a succession document to Renewed APEC Agenda for Structural Reform (RAASR)) that will be the next primary organ of the region's structural reform agenda for the next five (5) years. This document is slated for Structural Reform Ministerial Meeting (SRMM) endorsement in 2021. Apart from this, the Committee also devoted its resources in finalising the APEC Third Ease of Doing Business Action Plan 2021-2025, which calls the region to focus on five (5) identified priority areas namely Enforcing Contracts, Getting Credit, Registering Property, Resolving Insolvency, and Protecting Minority Investors. The broad objective of this initiative is to improve the business environment in the Asia-Pacific region through an APEC-wide improvement target of 12% in selective priority areas, by 2025. This Action Plan will be one of the outcome documents for endorsement at the SRMM.

APEC Business Advisory Council

The APEC Business Advisory Council (ABAC) was established to provide views and propose new initiatives from a business perspective to the Government on the implementation of the APEC agenda to strengthen trade in the Asia-Pacific region. Similar to Malaysia's Chairmanship of APEC 2020, Malaysia's Chairmanship of ABAC came with a myriad of expectations. With Integration, Innovation and Inclusion as the overarching theme, Malaysia had successfully steered substantive discussions in ABAC and was entrusted to voice out the private sector's views at the relevant APEC Senior Officials and Ministerial level Meetings, throughout the year. Under Malaysia's leadership, ABAC had responded to the region's most pressing economic issues by briskly outlining private sector's recommendations to address the immediate impact of the COVID-19 pandemic, as the groundwork for recovery and towards enhanced resiliency. Consistently, ABAC had contributed its resources in materialising Malaysia's APEC 2020 deliverables prominently, including at the formulation stage of the Putrajaya Vision 2040.

Under Malaysia's leadership, ABAC had responded to the region's most pressing economic issues by briskly outlining private sector's recommendations to address the immediate impact of the COVID-19 pandemic, as the groundwork for recovery and towards enhanced resiliency.

In addition, ABAC was able to complete its key programmes for the year remarkably despite the unprecedented challenges stemmed from the pandemic. This includes the successful organisation of APEC Chief Executive Officer (CEO) Dialogues, an annual premier meeting of the region's prominent business and Government leaders as part of the Leaders' week programme in November 2020. The success of the 25-hour all virtual event was marked by the participation of nine (9) APEC Leaders alongside Malaysia, namely Canada, Chile, PRC, Indonesia, Japan, New Zealand, Singapore, and Thailand.

In 2020, Malaysia was preparing to host the 32nd Asia-Pacific Economic Cooperation conference before the COVID-19 pandemic created an unprecedented disruption. To accommodate physical distancing measures and travel restrictions as well as in response towards the global trend of digitalisation, a decision was made to shift physical events to online, including the #MyAPEC2020 Exhibition.

#MyAPEC2020 Exhibition featured Malaysian companies alongside international companies across 21 APEC Member Economies. Participating companies were from eight (8) targeted sectors: Technology, Green Tech & Energy, Healthcare, Professional & Business Services, Transport & Logistics, Lifestyle, Innovative Food and Beverages (F&B) and Agrofood and Building Materials.

The first of its kind, the #MyAPEC2020 Exhibition was introduced as an interactive e-business engagement platform, comprising four (4) main components - the virtual exhibition, Business-to-Business (B2B) meetings (eBizMatch), online pitching sessions and webinars. All of the components took place online and were proof that business could still be conducted in the

EXHIBIT 2.10

#MYAPEC2020 EXHIBITION

8,550 Registered Viewers from **90** Economies

TOP 5: Malaysia, US, Japan, India & Indonesia

567 Registered Buyers from **63** Economies

TOP 5: Malaysia, Australia, Myanmar, US & Indonesia

VIRTUAL EXHIBITION

274 Exhibitors
- 221 Malaysian companies
- 53 APEC companies from 12 economies

B2B MEETINGS

308 B2B Meetings
Total Sales: RM574.03 million
- Top Buyers: Myanmar, United Arab Emirates (UAE), Saudi Arabia, Australia & Indonesia

BUSINESS PITCHING

32 Pitching Sessions
- 62 Malaysian companies
- 579 viewers
- 8 Sectors (Technology, Green Tech & Energy, Healthcare, Professional & Business Services, Transport & Logistics, Lifestyle, Innovative Food and Beverages (F&B) and Agrofood and Building Materials)

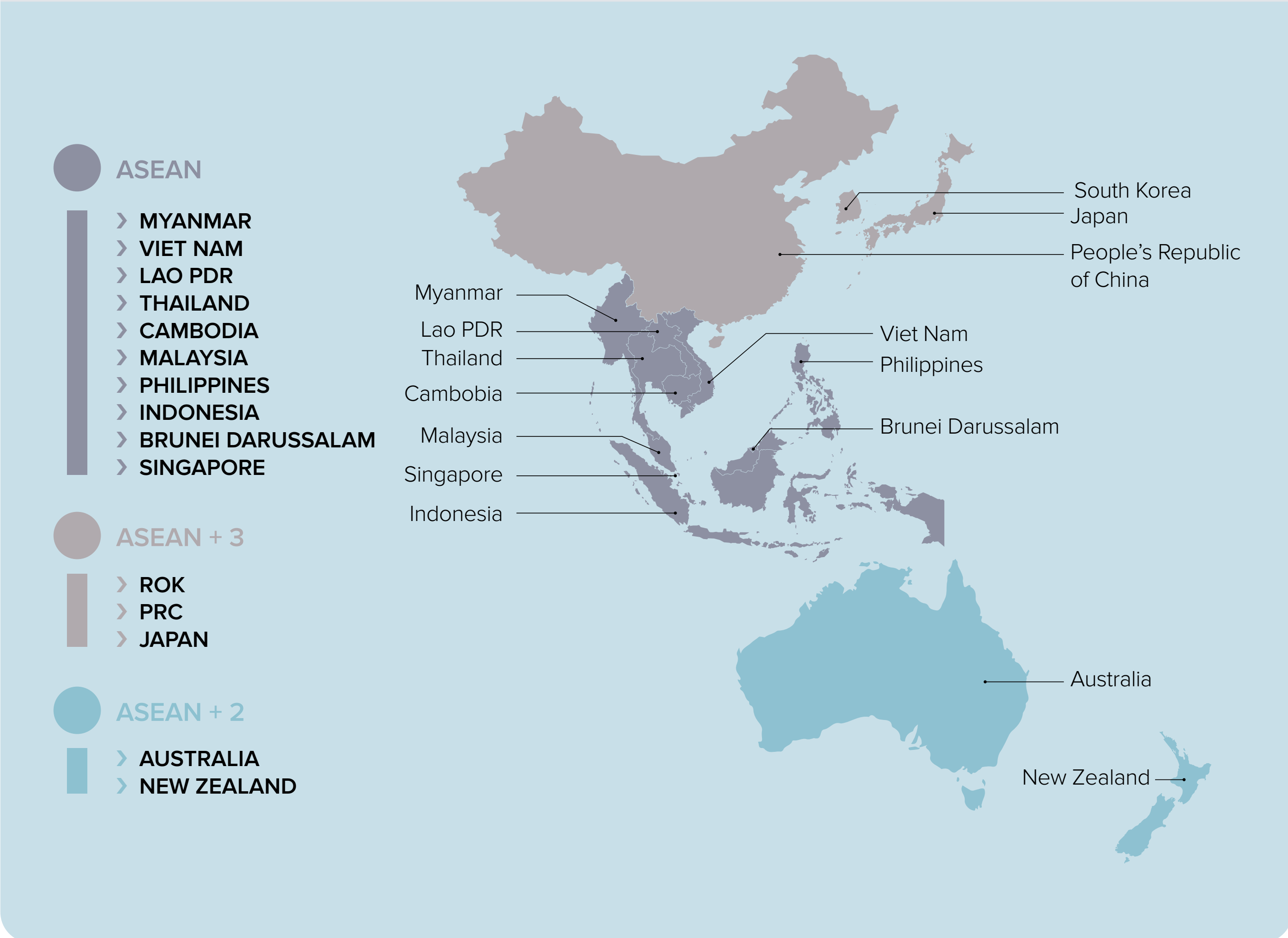
WEBINAR

16 Webinars
Among topics:
- Export Opportunities in Healthcare, Halal F&B and Professional Services
- Market Trend: Creative Industries in ROK
- Opportunities on Railway Industry in Philippinies and Indonesia
- Gaining Market Access in PRC

Source: Malaysia External Trade Development Corporation (MATRADE)

EXHIBIT 2.11

REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP



Regional Comprehensive Economic Partnership

On 15 November 2020, 15 Asia-Pacific nations, including Malaysia signed the world's largest FTA which is the RCEP. This economic pact consists of the 10 ASEAN nations and five (5) regional trade partners: Australia, PRC, Japan, New Zealand, and ROK. RCEP covers almost one-third of the world's population encompassing 27% of global merchandise trade with a value of RM44.29 trillion. Economic integration and removal of barriers to trade and investments in this wider regional trade architecture will not only benefit RCEP countries but will also contribute to the global economy. As countries around the world continue to recover post-COVID-19, the signing of RCEP is timely, in improving connectivity within the region, narrowing the development gap, and enabling the maximisation of resources.

The momentous signing of RCEP sends a key signal that, despite the challenging times, Malaysia and other signatories have made a conscious choice to deepen regional economic integration rather than resort to populist protectionist measures. More importantly, RCEP will offer new growth opportunities as well as provide regional and global value chains with more flexibility and options, which will serve to enhance their resilience, in the face of mounting pressure and uncertainties.

Once RCEP enters into force, it will enable Malaysian companies to:

① **Establish market access**
to a third of world's population where intra-regional sourcing of raw materials at competitive price

② **Integrate supply chain**
within the RCEP region

③ **Promote greater transparency**
information sharing, trade facilitation, economic cooperation, standardisation of international rules relating to e-commerce

④ **Establish mutually recognised**
international standards, technical regulations on trade

⑤ **Provide clarity**
in protection of intellectual property rights

At least six (6) AMS and three (3) ASEAN FTA Partners would have to ratify the agreement for it to enter into force. It is expected that all agreements will come into force by the fourth quarter of 2022. Hence, RCEP will enter into force 60 days after Malaysia completes its domestic procedures and subsequently submits instrument of ratification to the ASEAN Secretariat. There are three (3) laws on Intellectual Property Rights under the purview of the Ministry of Domestic Trade and Consumer Affairs that need to be amended to complete the ratification process for Malaysia, namely Patent Act, Copyright Act and Trademark Act.

BOX ARTICLE 2.3 Regional Comprehensive Economic Partnership

When the Regional Comprehensive Economic Partnership (RCEP) Agreement enters into force, it will cover:

i. progressive tariff elimination and reduction for merchandise goods, including the facilitation of export and import of goods among the RCEP countries;
ii. improvements on market access to welcome services providers within the RCEP region for sectors, including construction, education, health, telecommunications services, and movement of professionals and highly skilled personnel;
iii. promotion, facilitation and protection on investment within the region; and
iv. information exchange and promotion of transparency measures to facilitate business and investment within the region including providing economic and technical cooperation especially to small and medium-sized enterprises (SMEs).

The major beneficiary of this mega Free Trade Agreement (FTA) will be ASEAN. Based on World Bank's data in 2019, the 15 RCEP Participating Countries (RPCs) account for:

i. a total of 29.5% of the global population or 2.2 billion people. (Source: World Bank)
ii. combined GDP of USD25.8 trillion (RM103.9 trillion) or 29.44% of the world's GDP. (Source: World Bank)
iii. the five (5) AFPs are major investors in ASEAN contributing USD34.5 billion (RM139 billion) or 21.7% of the total FDI flow of USD158.8 billion. (Source: ASEAN Statistics)
iv. a total of USD10.7 trillion (RM43.6 trillion) or 27% of global merchandise trade in 2018. (Source: World Bank)

OUTLOOK 2021

Bilateral Trade and Investment Relations

In 2021, efforts to further strengthen Malaysia's bilateral economic, trade and investment relations with trading partners will be continued through strategic engagements in TIM, as well as enhancing existing bilateral economic frameworks with Malaysia's trading partners.

Trade and Investment Missions

TIM and Working Visits led by Senior Minister and Deputy Minister remain essential in MITI's consolidated efforts to promote Malaysia as a preferred investment destination, diversify market for Malaysian products and boost foreign investors' confidence in attracting high-quality FDIs, particularly in an uncertain and gloomy global scenario due to the pandemic. In 2021, TIMs have been planned for strategic countries in East Asia, West Asia, Europe and the Americas.

Joint Trade Committee

Joint Trade Committee (JTC) provides a platform to discuss bilateral trade and investment issues (including non-tariff barriers), as well as to discuss cooperation programmes to further enhance bilateral ties. In 2021, JTC Meetings have been scheduled to be held with Brazil, Hungary, Kazakhstan, PRC, Russia, UK, Ukraine, Uzbekistan and Australia.

Third Series of Spanish Language Course

Under the Colombian Cultural Diplomacy Programme, MITI will continue to collaborate with the Government of Colombia through the Embassy of Colombia in Kuala Lumpur to organise the Spanish Language Course for the third consecutive year. Due to the ongoing COVID-19 pandemic, the language course will be conducted through a virtual platform.

Malaysia-China Five-Year Programme

The Five-Year Programme (FYP) provides the framework for economic and trade cooperation between Malaysia and PRC since 2013. The signing of the second cycle of the FYP for Economic and Trade Cooperation between Malaysia and PRC (2021-2025) is targeted to materialise in 2021. On the other hand, Malaysia and PRC are currently discussing the Work Plan to effectively implement the MoU on Belt and Road Initiative (BRI), which was inked by Malaysia and PRC in 2017. Discussions on the Work Plan is targeted to be concluded in 2021.

European Union's Trade Related Technical Assistance Programme

In 2021, Malaysia and the EU will embark on the implementation of the Trade Related Technical Assistance (TRTA) Programme – one of the programmes under the Enhanced ASEAN Regional Integration Support by the EU (ARISE Plus), which aims to help developing countries build their trade capacity so that they can participate more effectively in global trade. Through this three-year programme, Malaysia will be able to strengthen institutional capacities to implement trade policies, a national quality infrastructure system, as well as sustainable production standards and practices, aligned with international commitments in order to participate more effectively in the global market, including in the EU.

Look East Policy

The year 2022 marks the 40th anniversary of the Look East Policy (LEP), which was introduced in 1982 to promote adoption of best practices from Japan, with a view to contribute towards improving Malaysia's socio-economic status. Implementation of the LEP is discussed in the Bilateral Coordinating Committee (BCC) Meeting hosted alternately each year. Malaysia will host the Third BCC Meeting in 2021. In replicating the success of the LEP with Japan, LEP 2.0 was established in 2014 with the ROK on similar track and ambition. Implementation issues for LEP 2.0 is discussed in the Economic Cooperation Committee (ECC) Meeting, also hosted alternately each year. Malaysia will host the Third ECC Meeting in 2021.

CHAPTER 3

INVESTMENT PERFORMANCE

OVERVIEW

As the world grappled from the impact of the COVID-19 pandemic, along with decline in global demands and the Movement Control Order (MCO) implementation, Malaysia's economy remained resilient in 2020 with inflows of high-quality and high value-added investments in various strategic sectors.

Malaysia succeeded in attracting a total of RM164 billion in approved investments in 2020 through 4,599 projects in the manufacturing, services and primary sectors with 114,673 potential jobs.

In 2020, domestic direct investments (DDI) contributed 60.9% (RM99.8 billion) of the total approved investment projects, while foreign direct investments (FDI) made up the remaining RM64.2 billion (39.1%). The manufacturing sector led the way with total approved investments in 2020 of RM91.3 billion, followed by the services sector at RM66.7 billion and primary sector at RM6.0 billion.

This encouraging investment performance is a testament of investors' positive view towards Malaysia as an attractive investment destination with favourable business environment and complete investment ecosystem including availability of excellent infrastructure, telecommunication services, financial and banking services, supporting industries, talented and young workforce, as well market opportunities through the various bilateral and mega regional trade agreements already signed.

Investors have also remained confident of the Government's initiatives and facilitation measures to improve the investment landscape. Although Malaysia is still weathering the COVID-19 pandemic, the Government had been relentless in promoting and safeguarding quality investments, as well as facilitating trade at both the national and regional levels.

EXHIBIT 3.1

APPROVED PRIVATE INVESTMENTS IN VARIOUS ECONOMIC SECTORS, 2019-2020

2020 SECTOR	NUMBER	EMPLOYMENT	DOMESTIC INVESTMENT* (RM MILLION)	FOREIGN INVESTMENT* (RM MILLION)	TOTAL INVESTMENT* (RM MILLION)
Primary	23	831	4,983.4	1,057.4	6,040.9
Manufacturing	1,049	80,190	34,680.7	56,579.9	91,260.6
Services	3,527	33,652	60,168.5	6,529.5	66,698.0
TOTAL	**4,599**	**114,673**	**99,832.6**	**64,166.8**	**163,999.5**

2019 SECTOR	NUMBER	EMPLOYMENT	DOMESTIC INVESTMENT* (RM MILLION)	FOREIGN INVESTMENT* (RM MILLION)	TOTAL INVESTMENT* (RM MILLION)
Primary	66	1,026	3,218.4	3,799.9	7,018.3
Manufacturing	988	78,606	28,288.5	54,444.1	82,732.5
Services	4,233	44,441	96,968.4	24,664.2	121,632.6
TOTAL	**5,287**	**124,073**	**128,475.3**	**82,908.2**	**211,383.5**

Note: * Due to rounding, figures presented in this table may not add up precisely to the totals provided

Source: Department of Statistics, Malaysia (DOSM)

APPROVED INVESTMENTS: MANUFACTURING SECTOR

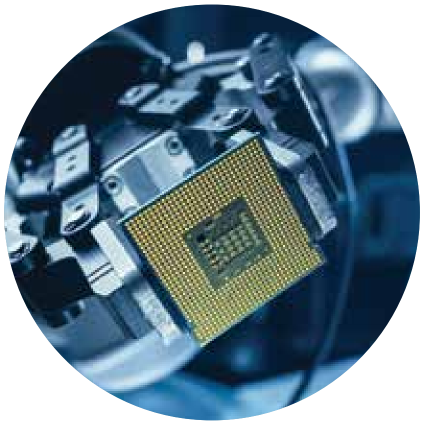
The manufacturing sector continued to propel Malaysia's economic activities, particularly in building industrial linkages, promoting transfer of new technologies and developing talents and skills.

In 2020, Malaysia's approved investments in manufacturing sector increased by 10.3% at RM91.3 billion, with a total of 1,049 projects. These approved manufacturing projects are expected to create more than 80,000 new jobs. Of these, 35.8% are in the managerial, technical and supervisory (MTS) positions that include engineers, plant maintenance supervisors, tools and die makers, machinists, information technology (IT) personnel, quality controllers, electricians and welders.

In the manufacturing sector, FDI accounted for 62% (RM56.6 billion) of total approved investments, while DDI constituted the remaining 38% (RM34.7 billion). Notably, DDI surged by 22.6% while FDI rose by 3.9% in 2020 compared to the previous year, facilitated by a series of stimulus packages announced by the Government such as the National Economic Recovery Plan (PENJANA) and the 2020 Budget.

As Malaysia pivots towards high added value technology and capital-intensive investments, capital investment per employee (CIPE) ratio had increased to RM1,138,055 in 2020 from RM1,052,497 in 2019. Moreover, a total of 101 projects were approved with investments of RM100 million and above.

Electrical and electronics (E&E) was the top-performing sector with approved projects of RM15.6 billion; followed by petroleum products including petrochemicals (RM15.5 billion); basic metal products (RM14.4 billion); paper, printing and publishing (RM7.8 billion); machinery and equipment (RM7.1 billion); chemicals and chemical products (RM6.3 billion); rubber products (RM4.3 billion); as well as transport equipment (RM3.9 billion). These sectors dominated total approved investments at 90% in the manufacturing sector.



In 2020, Malaysia's approved investments in manufacturing sector increased by 10.3% at RM91.3 billion, with a total of 1,049 projects. These approved manufacturing projects are expected to create more than 80,000 new jobs.

EXHIBIT 3.2

APPROVED PROJECTS IN THE MANUFACTURING SECTOR, 2019-2020

2020 SECTOR	NUMBER	EMPLOYMENT	DOMESTIC INVESTMENT* (RM MILLION)	FOREIGN INVESTMENT* (RM MILLION)	TOTAL INVESTMENT* (RM MILLION)
Manufacturing	1,049	80,190	34,680.7	56,579.9	91,260.6
2019 SECTOR	**NUMBER**	**EMPLOYMENT**	**DOMESTIC INVESTMENT* (RM MILLION)**	**FOREIGN INVESTMENT* (RM MILLION)**	**TOTAL INVESTMENT* (RM MILLION)**
Manufacturing	988	78,606	28,288.5	54,444.1	82,732.5

Note: * Due to rounding, figures presented in this table may not add up precisely to the totals provided

Source: Department of Statistics, Malaysia (DOSM)

Investments in the three (3) catalytic subsector namely, E&E; machinery and equipment (M&E); and chemical; and two (2) high growth areas which are aerospace and medical devices that are charted in the Eleventh Malaysia Plan (11MP), constituted more than one third (38.5%) of the total approved investments in the manufacturing sector at RM35.2 billion.

In 2020, notable projects that were approved with participation of multinational corporations (MNCs) in the high-end and high-technology industries included:

i. Dexcom, a United States of America (US) company and leader in continuous glucose monitoring system which will be producing their niche offerings in Penang;
ii. Switzerland-based electrical measurement company, LEM will set up its new production plant in Malaysia to meet the growing demand of its customers in the industrial and automotive sectors;
iii. Chinese-owned LSChem Industry will produce a variety of speciality oleochemicals in Tanjung Langsat Industrial Park, Johor Bahru, a catalyst in the roll out of biodiesel initiatives in Malaysia; and
iv. Singapore-owned CytoMed Therapeutics (Malaysia) which will undertake stem cell research and therapy.

Aligning to Malaysia's value proposition on expanding high-end products and activities in Malaysia, existing MNCs and local players had also continued to undertake major reinvestments such as:

i. Nippon Electric Glass (NEG), a leading Japanese manufacturer of speciality glass that had established their Malaysian operations since 1992 will be expanding their production capacity of glass tubing for pharmaceutical use, given the higher demand for its products following the COVID-19 vaccine roll-out;
ii. US-based Bruker will be expanding its investments in Penang to manufacture high-tech analytical scientific instruments such as optical and stylus profilometers, tribometers, X-ray diffraction tools, X-ray fluorescence instrumentation, optical emissions spectrometers and combustion gas analysers; and
iii. Malaysian-Amerix Metal Machining Technology will further expand and diversify their operation, which enhances Malaysia's supporting industry network capabilities in adopting a sophisticated high precision manufacturing concept in Computer Integrated Manufacturing (CIM) and process tracking model in customised Enhanced Resource Planning (ERP) system to produce automation electro-mechanical servo reel to reel moulding systems for the back-end semiconductor industry.

IMPLEMENTATION OF APPROVED MANUFACTURING PROJECTS

In 2020, a total of 2,926 manufacturing projects which were approved between 2016 and 2020 had been implemented. Out of this, a total of 2,739 projects were already in production and 187 projects were at factory construction and machinery installation stage.

Total capital investment of the projects that were already implemented amounted to RM197.2 billion and had generated 215,203 jobs. Another 91 projects with RM22.0 billion in investments had acquired sites for factories, while 976 projects valued at RM142.2 billion were in the active planning stage.

Implemented projects were substantial in five (5) states, with Selangor leading the list with 959 projects valued at RM39.1 billion; followed by Johor with 627 valued at RM55.2 billion; Penang with 447 valued at RM32.8 billion; Perak with 187 valued at RM10.9 billion; and Kedah with 149 valued at RM11.1 billion.

Majority of projects implemented in 2020 were for E&E products, petroleum products (including petrochemicals), non-metallic mineral products, food manufacturing and transport equipment.

EXHIBIT 3.3

PROJECTS APPROVED IN THE MANUFACTURING SECTOR BY INDUSTRIES, 2019-2020

2020 INDUSTRY	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
Petroleum Products (Inc. Petrochemicals)	11	765	12,551.1	2,942.6	15,493.7
Basic Metal Products	13	4,572	331.1	14,053.7	14,384.8
Paper, Printing & Publishing	70	6,038	918.9	6,918.7	7,837.6
Machinery & Equipment	93	4,569	2,321.6	4,764.1	7,085.7
Chemicals & Chemical Products	74	3,562	1,636.5	4,633.8	6,270.3
Rubber Products	42	11,498	3,889.8	405.8	4,295.6
Transport Equipment	91	5,245	2,155.8	1,721.4	3,877.2
Food Manufacturing	102	4,846	2,325.4	967.0	3,292.4
Fabricated Metal Products	101	4,241	1,882.2	788.9	2,671.1
Non-Metallic Mineral Products	50	2,774	583.6	1,670.3	2,253.9
Scientific & Measuring Equipment	30	1,343	347.7	1,898.8	2,246.5
Beverages & Tobacco	17	792	1,027.5	944.0	1,971.6
Plastic Products	64	2,639	867.9	274.7	1,142.6
Textiles & Textile Products	53	2,486	979.5	129.2	1,108.7
Wood & Wood Products	29	2,092	267.3	491.7	759.0
Furniture & Fixtures	47	2,679	365.5	353.7	719.2
Leather & Leather Products	2	40	8.9	30.2	39.1
Natural Gas	–	–	–	–	–
Miscellaneous	12	468	132.8	40.4	173.2
TOTAL	**1,049**	**80,190**	**34,680.7**	**56,579.9**	**91,260.6**

2019 INDUSTRY	NUMBER	EMPLOYMENT	DOMESTIC INVESTMENT* (RM MILLION)	FOREIGN INVESTMENT* (RM MILLION)	TOTAL INVESTMENT* (RM MILLION)
Electrical & Electronics	157	22,936	3,866.1	121,793.5	25,659.6
Petroleum Products (Inc. Petrochemicals)	19	1,095	2,066.8	1,099.0	3,165.8
Basic Metal Products	10	1,417	263.3	431.1	694.4
Paper, Printing & Publishing	47	6,587	515.6	10,239.3	10,754.9
Machinery & Equipment	103	4,559	1,581.1	2,880.9	4,461.9
Chemicals & Chemical Products	88	2,880	2,103.3	2,648.6	4,751.9
Rubber Products	27	7,122	1,562.1	3,018.5	4,580.5
Transport Equipment	66	4,276	6,499.1	1,547.3	8,046.4
Food Manufacturing	98	5,065	2,490.0	1,306.6	3,796.6
Fabricated Metal Products	104	4,759	1,345.5	625.7	1,971.2
Non-Metallic Mineral Products	44	3,279	2,551.7	4,305.2	6,856.9
Scientific & Measuring Equipment	14	1,998	110.3	2,409.4	2,519.8
Beverages & Tobacco	6	477	274.1	0.0	274.1
Plastic Products	90	4,309	1,537.7	941.5	2,479.2
Textiles & Textile Products	28	1,421	242.1	198.9	440.9
Wood & Wood Products	34	1,649	300.4	407.4	707.7
Furniture & Fixtures	40	3,671	179.5	444.0	623.6
Leather & Leather Products	–	–	–	–	–
Natural Gas	1	153	506.8	126.7	633.5
Miscellaneous	12	953	293.0	20.5	313.5
TOTAL	**988**	**78,606**	**28,288.5**	**54,444.1**	**82,732.5**

Note: * Due to rounding, figures presented in this table may not add up precisely to the totals provided

Source: Department of Statistics, Malaysia (DOSM)

APPROVED INVESTMENTS: OWNERSHIP AND LOCATION OF MANUFACTURING PROJECTS

In 2020, the People's Republic of China (PRC) remained as the top investor in the manufacturing sector in Malaysia, contributing RM17.8 billion of the total foreign investments approved in the sector. PRC was also the largest source of foreign investments in the manufacturing sector for the past five (5) consecutive years.

Other major sources of FDI for Malaysia in 2020 included Singapore (RM8.8 billion), the Netherlands (RM6.5 billion), US (RM3.7 billion), Hong Kong Special Administrative Region (SAR) (RM2.9 billion), Switzerland (RM2.8 billion), Thailand (RM1.9 billion), Japan (RM1.7 billion) and Republic of Korea (ROK) (RM1.4 billion).

Closer at home, Selangor (RM18.4 billion) was the largest recipient of investments in the manufacturing sector for 2020, followed by Sarawak (RM15.7 billion), Penang (RM14.1 billion), Sabah (RM12.0 billion) and Johor (RM6.8 billion). These five (5) states constituted 73.4% of total approved investments in the sector last year.

EXHIBIT 3.4

PROJECTS APPROVED FOR MAIN INVESTOR-COUNTRIES, 2019-2020

	2020			2019		
COUNTRY	NUMBER	EMPLOYMENT	FOREIGN INVESTMENT* (RM MILLION)	NUMBER	EMPLOYMENT	FOREIGN INVESTMENT* (RM MILLION)
PRC	71	10,376	17,752.4	79	14,174	15,300.3
Singapore	120	9,080	8,832.6	118	9,297	5,614.2
Netherlands	14	4,995	6,536.9	11	838	997.4
US	28	3,136	3,664.1	37	4,578	14,226.2
Hong Kong SAR	27	4,093	2,932.0	24	2,959	1,186.0
Switzerland	9	727	2,762.4	2	113	126.2
Thailand	6	290	1,858.6	3	27	94.0
Japan	59	2,508	1,650.6	53	2,789	3,792.2
ROK	8	686	1,379.3	15	695	914.1

Note: * Due to rounding, figures presented in this table may not add up precisely to the totals provided

Source: Department of Statistics, Malaysia (DOSM)

EXHIBIT 3.5

APPROVED BY LOCATION, 2019-2020

2020 STATE	NUMBER	EMPLOYMENT	DOMESTIC INVESTMENT* (RM MILLION)	FOREIGN INVESTMENT* (RM MILLION)	TOTAL INVESTMENT* (RM MILLION)
Selangor	324	19,950	6,946.0	11,479.1	18,425.2
Sarawak	24	6,225	477.9	15,252.6	15,730.5
Penang	166	13,268	3,562.8	10,550.2	14,113.0
Sabah	15	683	11,942.2	11.5	11,953.7
Johor	232	13,052	2,579.5	4,204.8	6,784.3
Negeri Sembilan	48	5,643	2,388.3	3,790.2	6,178.6
Pahang	30	1,930	1,034.6	3,749.9	4,784.5
Kedah	75	8,876	1,806.6	2,256.2	4,062.8
Perak	60	7,037	2,178.4	1,148.8	3,327.1
Malacca	41	1,718	684.0	1,272.2	1,956.1
Terengganu	9	208	94.4	1,817.0	1,911.4
Wilayah Persekutuan Kuala Lumpur	17	1,296	258.9	1,047.5	1,306.5
Perlis	4	185	612.9	0.0	612.9
Wilayah Persekutuan Labuan	2	80	70.2	0.0	70.2
Kelantan	2	39	43.9	0.0	43.9
TOTAL	**1,049**	**80,190**	**34,680.7**	**56,579.9**	**91,260.6**

2019 STATE	NUMBER	EMPLOYMENT	DOMESTIC INVESTMENT* (RM MILLION)	FOREIGN INVESTMENT* (RM MILLION)	TOTAL INVESTMENT* (RM MILLION)
Selangor	315	21,085	6,625.4	10,414.9	17,040.2
Sarawak	18	1,676	837.4	1,745.1	2,582.5
Penang	166	18,886	1,854.9	15,000.4	16,855.4
Sabah	15	3,372	1,603.2	4,853.0	6,456.2
Johor	209	12,591	4,916.5	6,538.7	11,455.2
Negeri Sembilan	44	2,896	2,259.1	1,306.7	3,565.7
Pahang	34	3,319	452.3	4,490.7	4,943.0
Kedah	54	5,176	3,390.9	8,086.0	11,476.9
Perak	72	6,519	4,969.0	1,624.3	6,593.2
Malacca	35	1,273	609.5	269.9	879.3
Terengganu	8	1,032	588.8	50.0	638.8
Wilayah Persekutuan Kuala Lumpur	12	579	169.5	4.7	174.2
Perlis	1	100	0.0	53.3	53.3
Wilayah Persekutuan Labuan	–	–	–	–	–
Kelantan	5	102	12.1	6.4	18.5
TOTAL	**988**	**78,606**	**28,288.5**	**54,444.1**	**82,732.5**

Note: * Due to rounding, figures presented in this table may not add up precisely to the totals provided

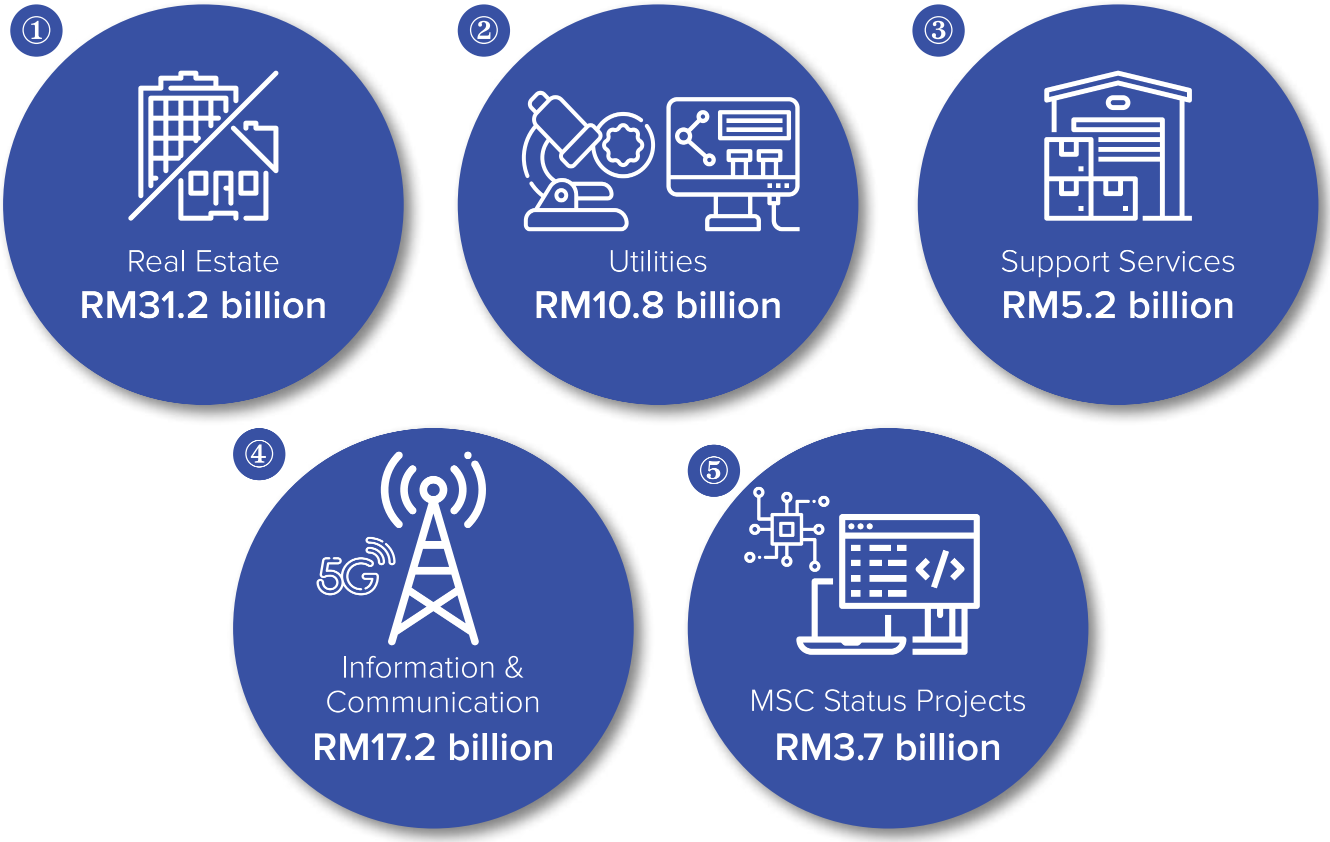
Source: Department of Statistics, Malaysia (DOSM)

APPROVED INVESTMENTS: SERVICES SECTOR

In 2020, Malaysia's proposition as a hub for business and investment for the services sector had attracted a total of RM66.7 billion in approved investments through 3,527 approved projects, accounting for 40.7% of the total approved investments.

These approved services projects will create 33,652 jobs. DDI dominated the total approved investments in the services sector, contributing RM60.2 billion (90.3%), while FDI represented the remaining RM6.5 billion.

Majority of the main services sub-sectors recorded a significant decline in approved investments except for Multi Super Corridor (MSC) status projects and other services such as BioNexus status and software developments. The top five (5) contributors of approved investments in the services sector were:



Under the purview of the Ministry of International Trade and Industry (MITI), the support services industry encompassed sub-sectors such as integrated logistics, research and development, green technology, integrated circuit design, oil and gas services and licensed warehouse.

In 2020, notable services projects approved included Redsol, a new joint venture large scale solar project between Malaysia and the Netherlands in Perak; as well as the expansion of the Japanese firm, Fumakilla Malaysia's research and development (R&D) undertaking in developing insecticide products and other household products in Malaysia as part as its efforts to centralise its R&D Centre to support its manufacturing activities carried out in Malaysia and Asia.

EXHIBIT 3.6

APPROVED PRIVATE INVESTMENTS IN THE SERVICES SECTOR, 2019-2020

2020 SERVICES SECTOR	NUMBER	EMPLOYMENT	DOMESTIC INVESTMENT* (RM MILLION)	FOREIGN INVESTMENT* (RM MILLION)	TOTAL INVESTMENT* (RM MILLION)
Global Establishments	141	704	0.0	595.2	595.2
Support Services	745	6,278	4,389.6	788.3	5,177.8
MSC Status	45	3,794	2,593.4	1,323.5	3,917.0
Transport	7	0	394.9	37.6	432.5
Real Estate	1,045	NA	31,250.0	0.0	31,250.0
Utilities	NA	0	10,762.3	0.0	10,762.3
Telecommunications**	426	NA	5,158.9	0.0	5,158.9
Distributive Trade	613	18,186	750.6	2,986.1	3,736.6
Hotel & Tourism	38	2,088	2,812.1	21.6	2,833.7
Financial Services	28	221	1,743.9	757.1	2,500.9
Health Services	0	0	0.0	0.0	0.0
Education Services	429	1,887	184.1	10.9	195.0
Other Services	10	494	128.9	9.2	138.1
TOTAL	**3,527**	**33,652**	**60,168.5**	**6,529.5**	**66,698.0**

2019 SERVICES SECTOR	NUMBER	EMPLOYMENT	DOMESTIC INVESTMENT* (RM MILLION)	FOREIGN INVESTMENT* (RM MILLION)	TOTAL INVESTMENT* (RM MILLION)
Global Establishments	169	1,058	0.0	3.0	11,751.4
Support Services	536	4,065	4,748.4	908.3	5,656.7
MSC Status	0	0	0.0	0.0	0.0
Transport	9	0	431.4	70.0	501.4
Real Estate	1,279	NA	40,852.6	0.0	40,852.6
Utilities	NA	3	33,083.7	0.0	33,083.7
Telecommunications**	537	NA	7,979.0	0.0	7,979.0
Distributive Trade	1,136	30,379	1,172.3	10,525.4	11,697.8
Hotel & Tourism	71	5,625	4,815.4	301.9	5,117.3
Financial Services	24	119	3,426.6	718.0	4,144.6
Health Services	7	772	110.5	227.6	338.1
Education Services	463	2,360	348.2	121.6	469.8
Other Services	2	60	0.3	40.0	40.2
TOTAL	**4,233**	**44,441**	**96,968.4**	**24,664.2**	**121,632.6**

Note: * Due to rounding, figures presented in this table may not add up precisely to the totals provided ** Data is only up to September 2020

Source: Department of Statistics, Malaysia (DOSM)




APPROVED INVESTMENTS: PRIMARY SECTOR

The primary sector comprises three (3) major sub-sectors namely agriculture, mining and, plantation and commodities. In 2020, the primary sector registered a total value of approved investments of RM6.0 billion, compared with RM7.0 billion in 2019.

The mining sub-sector led the bulk of investments in the primary sector, contributing 99.5% of total investments approved in the sector. The rest of the primary sector investments encompassed the plantation and commodities subsector and the agriculture subsector, with RM27 million and RM2.4 million of investments, respectively.

EXHIBIT 3.7

APPROVED PRIVATE INVESTMENTS IN THE PRIMARY SECTOR, 2019-2020

2020 PRIMARY SECTOR	NUMBER	EMPLOYMENT	DOMESTIC INVESTMENT* (RM MILLION)	FOREIGN INVESTMENT* (RM MILLION)	TOTAL INVESTMENT* (RM MILLION)
Agriculture	1	3	2.4	0.0	2.4
Mining	11	24	4,954.0	1,057.4	6,011.5
Plantation & Commodities	11	804	27.0	0.0	27.0
TOTAL	**23**	**831**	**4,983.4**	**1,057.4**	**6,040.9**

2019 PRIMARY SECTOR	NUMBER	EMPLOYMENT	DOMESTIC INVESTMENT* (RM MILLION)	FOREIGN INVESTMENT* (RM MILLION)	TOTAL INVESTMENT* (RM MILLION)
Agriculture	9	407	135.1	0.0	135.1
Mining	38	106	2,791.7	3,799.9	6,591.7
Plantation & Commodities	19	513	291.6	0.0	291.6
TOTAL	**66**	**1,026**	**3,218.4**	**3,799.9**	**7,018.3**

Note: * Due to rounding, figures presented in this table may not add up precisely to the totals provided

Source: Department of Statistics, Malaysia (DOSM)

INITIATIVES AND FACILITATION MEASURES CONTINUES TO ATTRACT HIGH QUALITY INVESTMENTS

The Government is committed to ensure that Malaysia remains as an attractive and the preferred investment destination in the region, despite the global economic uncertainties. Several measures include fine-tuning investment policies and enablers, collaboration and engagement with industry players and stakeholders, strengthening the ecosystem to attract quality investment projects and intensifying facilitation of investment projects.

Government's Stimulus in Expanding Investments

In expanding investment activities in Malaysia, a series of stimulus packages including the PENJANA and the 2020 Budget were announced to improve the investment ecosystem while targeting strategic sectors with high-technology and high value activities.

Among the announcements were special incentive package and tax allowances to attract high-value-added technology investments and supporting R&D investments in aerospace, E&E, M&E, medical devices and shipping sectors. In further facilitating businesses to enhance their operation and capacity, the enhanced Domestic Investment Strategic Fund (DISF) proved to be among the best platform for companies to upgrade their technology, access global markets through outsourcing and increasing exports. In 2020, a total of 49 projects were approved under the DISF in various sub sectors including M&E, support services, E&E, chemicals and chemical products and fabricated metal products.

In addition, approvals for Manufacturing Licence (ML) for non-sensitive industry were expedited within two (2) working days, which have facilitated 456 projects in starting their operations in Malaysia, mostly in the E&E, transport equipment, fabricated metal products, M&E and paper, printing and publishing sub sectors.

End-to-End Facilitation for Investors

In addition, dedicated platforms such as the Project Acceleration and Coordination Unit (PACU) and One Stop Centre (OSC) were established in the Malaysian Investment Development Authority (MIDA) to swiftly facilitate implementation of investment projects and movement of business travellers. PACU, established on 6 June 2020 had been instrumental in identifying issues and challenges faced by companies in implementing their projects; providing facilitation services to companies; and cooperating with agencies at both Federal and State levels, utilities providers, Investment Promotion Agencies (IPAs) and technical agencies to help expedite implementation of projects. PACU also accelerates the applications submitted and tracks the status of e-Manufacturing Licenses (e-ML) within two (2) days for non-sensitive industries.

EXHIBIT 3.8

PROJECT ACCELERATION AND COORDINATION UNIT (PACU)

PACU
PROJECT ACCELERATION & COORDINATION UNIT

Assist and Accelerate
the application submitted and track the status of approval. Application via e-Manufacturing Licence (e-ML2.0) will be approved within a two (2) days non-sensitive industries

Monitor
the progress of project implementation (within 12 months from approval) through the implementation Tracking & Monitoring System (ITMS)

Identify and Facilitate
issues and challenges faced by companies in implementing their project and purpose appropriate solutions

Collaborate
with the Federal and State Government, Service Providers, Investment Promotion Agencies and other related stakeholders

Source: Malaysian Investment Development Authority (MIDA)

A committee under PACU comprising of MITI, MIDA, local authorities and related technical agencies oversees and ensures that timely investment implementation was established. The progress of investment projects is monitored on a real-time basis via a Tracking and Monitoring System (ITMS) from the approval date until implementation, and facilitation is also provided for issues and challenges faced by the company. For the period of 1 January 2019 until 31 December 2020, a total of 2,037 projects have been approved. Out of this, 1,207 projects (59.25%) have been implemented.

The establishment of the OSC was announced on 2 October 2020 to ease the movement of eligible business travellers by expediting the approval of their entry to do business in Malaysia, that will further enhance trade and investment activities in Malaysia. Currently, the OSC is comprised of representatives from MITI, MIDA, Ministry of Health (MOH) and the Immigration Department of Malaysia (JIM) whose purpose is to ensure the legitimacy and health status of business travellers before entering into Malaysia.

The OSC for Business Travellers consists of the following mechanisms:

i. The OSC Committee to evaluate and consider applications for Business Travellers entry;
ii. The Business Travellers Centre (BTC) to facilitate the incoming business traveller's entry to Malaysia at the Kuala Lumpur International Airport (KLIA); and
iii. A dedicated website containing information and advisory services to facilitate the entry of Business Travellers.

The OSC Committee evaluates and approves two (2) types of applications i.e. Long-Term Business Travellers and Short-Term Business Travellers. The committee meets daily and decisions are made within three (3) working days for each application upon receiving all complete information.

MITI, in collaboration with MOH are finalising the construction of BTC at KLIA that will provide services of Liaison Officers as well as the COVID-19 test for Short Term Business Travellers. A dedicated website containing information and advisory services to facilitate the application for the entry of all business travellers into Malaysia is targeted to be set up in 2021.

Online platforms such as e-ML, e-Incentive and Tax Exemption Committee (JPC) Online Application were also introduced in 2020 to accelerate the necessary approvals for manufacturing licenses, incentives and exemption of customs duties to speed up the execution of projects. Through e-ML, companies can submit and track the status of their applications for new manufacturing, expansion and diversification projects, as well as confirmation letters for manufacturing license exemptions. Notably, the processing time for e-ML has been reduced from seven (7) to two (2) business days for non-sensitive industries.

In addition, e-Incentive 2.0 module serves as a platform to apply incentives such as Pioneer Status and Investment Tax Allowance for new, expansion, and diversification projects, for promoted activities and products under the Promotion of Investment Act (PIA) 1986.

These digital platforms will enable companies to submit and obtain approvals via online which will further expedite the execution of projects in the country. The platforms are also integrated and accessible by related Ministries and Agencies to ensure the flow of data and information, mitigating possible duplication and easing cross-referencing.

Driven by these initiatives, as at December 2020, a total of RM65.9 billion worth of potential investments (1,043 projects) were actively evaluated. These projects, once approved, are slated to be implemented within the period of 2021-2022. In addition, a total of 240 high-profile foreign investment projects were identified, including Fortune 500 companies in the manufacturing and services sectors, with a combined potential investment value of RM81.9 billion.

These included on-going negotiations with companies from key sectors such as automotive, chemical and advanced electronics, mapping Malaysia as their hub for high-value manufacturing, services and global supply chain operations.

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

Despite the COVID-19 pandemic, the delivery of world-class investment promotion and facilitation remains as a focus for Malaysia. To this effect, Malaysia received global recognition for its best practices in business and investment regimes. Malaysia was lauded as one of the top economies to record achievements in business regulatory reforms. Continuous reforms in improving our business regulatory environment through trade facilitation efforts, such as the simplification of required paperwork, modernisation of procedures and harmonisation of customs requirements are also being implemented.

Notably, Malaysia's ranking at 12th place, among 190 economies worldwide, on the World Bank's Doing Business Report 2020 reflected investors' confidence in expanding their businesses in Malaysia. Malaysia was also recognised as the 8th most innovative nation among Asian economies in the Global Innovation Index 2020 - World Intellectual Property Organisation. Malaysia improved its ranking to 26th from 29th among 88 countries in the Global Talent Competitiveness Index 2020, a report jointly produced by Institut Européen d'Administration des Affaires (INSEAD) University, Google and Adecco to track and measure talent performance.

Malaysia emerged 5th in a Bloomberg study released in December 2020 that gauged 17 developing markets and their outlook for 2021 based on 11 indicators of economic and financial performance. Bloomberg cited that Malaysia stands to gain from recovering economic activities once the pandemic is under control. Bloomberg also noted that Malaysian assets were especially undervalued compared to the average of its peers, when judged on real effective exchange rates versus five-year averages.

A joint study by Klynveld Peat Marwick Goerdeler (KPMG) and Washington, DC-based The Manufacturing Institute, "Cost of Manufacturing Operations Around the Globe", ranked Malaysia 4th among 17 countries, outperforming the PRC, India, Japan and Viet Nam. The study provided an assessment of how the US manufacturing sector benchmarks its competitiveness to main trading partners by evaluating 23 cost factors that are divided into primary and secondary costs through a Cost of Doing Business (CoDB) Index. Malaysia emerged at the top of the CoDB Index, at par with the PRC, Mexico and Viet Nam in terms of primary costs, while outperforming on three (3) factors i.e. hourly compensation costs, real estate costs and corporate tax rates.

Malaysia continued to be ranked among the top 10 countries to invest or do business in by CEOWORLD Magazine. Malaysia was at the 9th spot, one spot below the US and beat countries such as the Netherlands, Sweden, Finland and Germany. The rankings were based on 11 factors namely, corruption, freedom (personal, trade, and monetary), workforce, investor protection, infrastructure, taxes, quality of life, red tape, and technological readiness - with each category equally weighted.

The Government will continue to introduce various measures to enhance Malaysia's competitiveness in facing domestic and external challenges and opportunities. In this light, proposals and constructive feedback from continuous consultation and dialogue sessions with diverse segments of the business community have been instrumental in fine-tuning our nation's investment policies and enablers to strengthen the ecosystem to attract quality investment projects.

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INVESTMENT ENGAGEMENTS, COOPERATION AND AGREEMENTS IN INTERNATIONAL FORA

The ASEAN Comprehensive Investment Agreement

The ASEAN Comprehensive Investment Agreement (ACIA) was signed by ASEAN Economic Ministers on 26 February 2009 in Cha-Am, Thailand, entered into force on 29 March 2012. The objective of the ACIA is to create a free and open investment regime to ensure that ASEAN remains an attractive destination for all investors, whether domestic or foreign. ACIA enhances ASEAN's effectiveness in attracting investments amidst the challenges emerging as well as the need to meet the objectives of the ASEAN Economic Community (AEC).

As the ACIA is based on international best practices, the agreement also includes a provision that allows ASEAN member states (AMS) to make amendments or modifications through the Protocol to Amend the ACIA. To date, four (4) Protocols to Amend the ACIA have been signed in which three (3) of them have been ratified. The Fourth Protocol to Amend the ACIA was signed on 15 July 2020 in Ha Noi, Viet Nam but it has not yet been ratified. The Protocol contains two (2) elements which the first is on Prohibition of Performance Requirements (PPR) and secondly on AMS' Reservation List (RL).

The first element is on PPR in which AMS agreed and committed to not impose PPR and fundamentals in the Agreement on Trade-Related Investment Measures (TRIMs) that initially were agreed upon by all members of the World Trade Organisation (WTO). In a nutshell, it means that no member state is allowed to enforce regulations that discriminate against foreign goods from other member states or implement any measure that might provoke barriers for other member states to invest or conduct trade in the region. More specifically, member states are prohibited to:

i. export a given level or percentage of goods;
ii. to achieve a given level or percentage of domestic content;
iii. to purchase, use or accord a preference to goods produced in its territory, or to purchase goods from a person or any other entity in its territory;
iv. to relate the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with the investments of that investor;
v. to restrict sales of goods in its territory that the investments of that investor produce or provide by relating such sales to the volume or value of its exports or foreign exchange earnings; and
vi. supply exclusively from its territory the goods that such investment produces to a specific regional market or to the world market.

On the second element, the Protocol also includes amendments to AMS' current RL. On this, the RL's amendment offers a more transparent climate and clarity for trade and investment in ASEAN.

BOX ARTICLE 3.1 Project Acceleration and Coordination Unit: 360° Outreach to Start Your Project in Malaysia

The measures undertaken in response to the COVID-19 pandemic such as Movement Control Orders (MCOs) have posed great challenges to businesses in the country. The impact has affected the entire economy and brought the industry ecosystem into an unprecedented situation. It is, therefore, imperative to revitalise the economy under the new normal.

As the principal agency for the promotion of the manufacturing and services sectors, Malaysian Investment Development Authority (MIDA) understands the urgency to make quick adjustments to provide 360° outreach assistance and support to business communities in the country. Various efforts have been undertaken to further enhance the Standard Operating Procedures (SOPs) by simplifying business processes and inculcating digitalisation for speedy approval and project implementation.

The Project Acceleration and Coordination Unit (PACU) established in MIDA acts as an enabler for speedy approval of investments right up to accelerating project implementation by working closely with the relevant stakeholders.

MIDA's Digital Transformation Initiatives

Under PACU, MIDA has introduced online applications for the Manufacturing License ML (e-ML 2.0 module), selected tax incentives (e-Incentive 2.0 module) and Import Duty Exemption on raw materials and components as well as machinery and equipment (M&E) (Enterprise Transformation System (e-TRANS) Tax Exemption Committee (JPC) Module).

e-Manufacturing Licence 2.0

This platform enables companies to submit and track the status of their applications for new manufacturing, expansion or diversification projects and confirmation letters for the exemption from a ML (ICA 10). This module has significantly reduced the processing time from seven (7) to two (2) business days for non-sensitive industries.

The implementation status of approved projects via this module, is monitored and tracked in real-time through MIDA's newly developed platform, which is the Implementation Tracking and Monitoring System (ITMS).

e-Incentive 2.0

The e-Incentive 2.0, a tax incentive online application module in MIDA was launched in November 2020. This online platform enables manufacturing companies to submit incentive applications for their new, expansion or diversification manufacturing projects in Malaysia which are listed in the promoted activities and products under the General, Small-scale Companies and High Technology Lists in the Promotion of Investment Act (PIA) 1986.

This online module is part of the digital transformation initiative or e-TRANS in MIDA with the objective to strengthen the delivery system for ease of doing business for investors in Malaysia. The module also enables MIDA's stakeholders to submit their applications on a secured online platform.

The measures undertaken in response to the COVID-19 pandemic such as MCOs have posed The e-Incentive 2.0, a tax incentive online application module in MIDA was launched in November 2020. This online platform enables manufacturing companies to submit incentive applications for their new, expansion or diversification manufacturing projects in Malaysia which are listed in the promoted activities and products under the General, Small-scale Companies and High Technology Lists in the Promotion of Investment Act (PIA) 1986.

Duty Exemption Online @ JPC Online Application Module

The duty exemption online or JPC Online Application Module in MIDA provides easy access for companies to submit online application for new, extension, additional quantity, amendment and appeal for import duty and/or sales tax exemption on raw materials or components for activities in the manufacturing sector as well as import duty and/or sales tax exemption on machinery or equipment for selected activities in the agriculture and services sectors. The tax exemptions facility would provide more flexibility in terms of cash flow for companies.

The module is well assimilated with the Royal Malaysian Customs Department's uCustoms system and accessible by related Ministries and Agencies to ensure a seamless flow of data and information.

Implementation Tracking and Monitoring System

The ITMS is a database of companies approved with a manufacturing license from 1 January 2019. It is one of the initiatives under PACU and was launched in November 2020 to track and monitor the implementation progress of approved projects. This system helps to speed up the implementation of projects by tracking and monitoring in real-time to ensure approved projects are implemented within 12 months from the date of approval. The ITMS also captures the issues and challenges the investors face during the implementation of projects, which are to be addressed immediately. For the period of 1 January 2019 until 31 December 2020, a total of 2,037 projects have been approved. Out of this, 1,207 projects (59.25%) have been implemented.

BOX ARTICLE 3.2 One Stop Centre: Major Initiative to Welcome Business Travellers During Pandemic "Welcoming Investors, Keeping You Safe"

In early May 2020, the Malaysian Government began to reopen the economic sectors in phases, which was supported by strict vigilance implemented through a set of standard operating procedures (SOPs). This clearly demonstrates the Government's resolute determination in striking a balance between protecting lives and safeguarding the livelihoods of the Malaysian people, many of whom rely upon the private sector for their jobs and wages. The reopening of economic activities was a crucial, timely and necessary intervention by the Government, which has led to gradual recovery of our country's economic sectors.

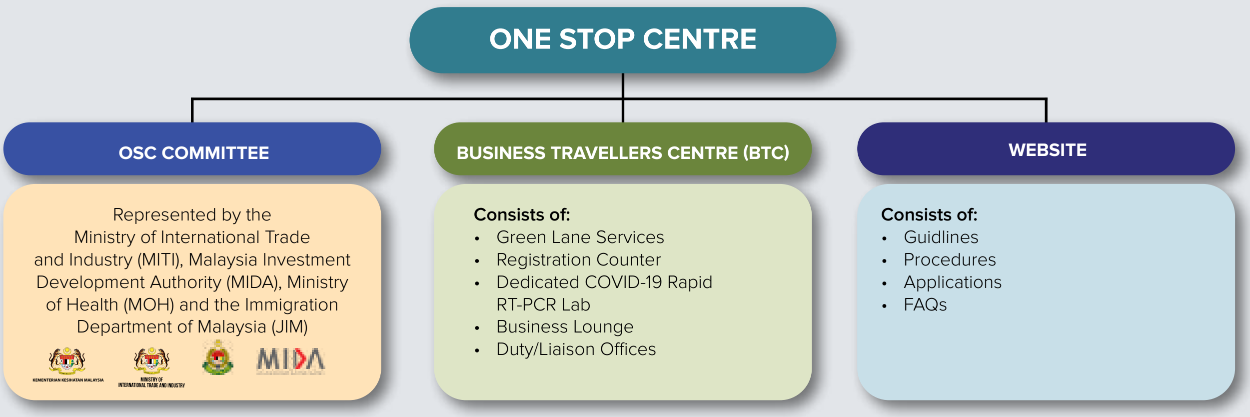
The announcement of MCOs on 18 March 2020 by the Government as a measure to curb the spread of COVID-19 pandemic in Malaysia has impacted Malaysia's economy and there is an urgent need to ease the movement of business travellers by expediting the approval of their entry to do business in Malaysia. Thus, in an effort to balance public health, livelihoods and economic sustainability, a One Stop Centre (OSC) has been set up by the Malaysian Government effective 2 October 2020 to ease the movement of business travellers by expediting the approval of their entry to do business in Malaysia.

This decision was made by the Economic Action Council Meeting on 14 September 2020 which was chaired by the YAB Prime Minister and endorsed by the National Security Council on 15 September 2020. This initiative shows Government's commitment to remain as an open economy and pro-business to further strengthen the country's position as a preferred destination for foreign direct investments (FDIs) as well as domestic direct investments (DDIs).

The OSC is represented by the MITI, MIDA, Ministry of Health (MOH) and Immigration Department of Malaysia (JIM) to ensure the legitimacy and health status of business travellers before they enter Malaysia.

The establishment of the OSC consists of three (3) components:

i. The OSC Committee to evaluate and consider applications for business travellers' entry within three (3) working days for each application upon receiving complete information. The committee is held daily and managed by MIDA with representatives from MITI and MIDA;
ii. The Business Travellers Centre (BTC) to facilitate the incoming business traveller's entry particularly Short-Term Business Travellers to Malaysia at the Kuala Lumpur International Airport (KLIA). BTC will provide the services of a business lounge, a COVID-19 lab test and Duty/Liaison Officers; and
iii. A dedicated website containing information and advisory services to facilitate the entry of Long-Term and Short-Term Business Travellers.



Source: Malaysian Investment Development Authority (MIDA)

Long-Term Business Travellers are business travellers who hold valid passes and intend to stay in the country for more than 14 days. They will be subjected to a mandatory quarantine for a maximum of 10 days as per the guideline of MOH. As for Short Term Business Travellers, they are business travellers whose intend stay in the country for 14 days or less. They may be considered for exemption from mandatory quarantine subject to the approval of the OSC Committee and adherence to strict SOPs.

As at 7 April 2021, the OSC Committee has approved a total of 9,769 applications for Long-Term Business Travellers and 260 applications for Short Term Business Travellers.

BTC was established in collaboration with Malaysia Airport Holding Berhad (MAHB), located at Gate C36, Satellite Building, KLIA. The centre was officially launched by YB Dato' Seri Mohamed Azmin Ali, Senior Minister of MITI on 23 March 2021. BTC operates 24 hours daily to facilitate the seamless arrival of the approved short-term business travellers with exemption mandatory quarantine by the OSC Committee. BTC has welcomed the arrival of short-term business travellers since 14 March 2021.

Both Long and Short-Term Business Travellers may apply for entry permission via MyEntry Sysytem through a new dedicated website known as Malaysia Safe Travel Website at URL: safetravel.mida.gov.my. Business Travellers are required to submit the online application 14 days in advance of planned travel. The Website contains information and advisory services to facilitate the entry of business travellers into Malaysia. Business travellers must obtain relevant visas (if applicable) from the respective Malaysian Embassies or High Commission/Consulate General Offices abroad, prior to their departure to Malaysia.

Despite the COVID-19 pandemic, MIDA has intensified efforts to ensure that Malaysia remains a primary destination of choice for foreign investors. MIDA is also committed to ensure that appropriate measures are in place to ensure that the business environment in the country is agile and responsive to the present and future needs of the private sector, particularly in adapting to the new normal.

In this regard, the establishment of an OSC in MIDA to ease the movement of business travellers by expediting the approval of their entry into Malaysia, is a major initiative by the Malaysian Government. This Centre assumes a critical role in ensuring that Malaysia remains steady on the path of economic recovery and growth by enabling business travellers' movement to do their business in Malaysia during the pandemic.

BOX ARTICLE 3.3 Innovative and High-Quality Investments in Greater Kuala Lumpur

Since inception in 2011, InvestKL Corporation (InvestKL) is focused on attracting large global multinational corporations (MNCs) to establish their regional services hubs in the Greater Kuala Lumpur (GKL) vicinity.

MNCs are drawn to GKL and Malaysia due to several unique advantages such as GKL's strategic location in Southeast Asia, coupled with Malaysia's business-friendly policies, good infrastructure, flourishing ecosystem, supportive legal and financial frameworks, and a highly-skilled local talent pool.

InvestKL surpassed the 100th MNC milestone, securing a total of 103 MNCs and fast-growing companies in its portfolio by the end of 2020. Overall, these MNCs committed RM15.8 billion in investments and created 14,111 regional executive jobs. To date, RM 11.4 billion worth of investments have been realised and a total of 10,411 regional executive jobs have been filled of which 8,646 Malaysians were employed. These companies engaged in high-value and high-impact services; and are from Europe (51), Asia Pacific (28) and the United States of America (US) (24).

Specifically, in 2020, the agency secured 12 MNCs with total committed investments of RM1.73 billion and 1,527 committed and approved regional executive jobs. Of the 12 MNCs secured last year, 50% were from the Asia Pacific, while the rest originated from Europe and the US. The companies include ALD Automotive (France), Alcon (Switzerland), Baozun (People's Republic of China - PRC), PCCW (PRC), Elanco (US), Hapag-Lloyd (Germany), Meiko (Germany), Kamstrup (Denmark), Ricoh (Japan) and Taisei (Japan).

Moving into the next chapter, InvestKL developed a 10-year strategic plan aligned with the National Investment Aspirations (NIA) aimed to attract the next 100 worlds' leading MNCs and fast-growing companies to establish their regional services and technology hubs in Malaysia by 2030. These high-quality investments, along with the recently unveiled two (2) key initiatives; GKL Live Lab and InvestKL Fit4Work complement the nation's ambition of becoming a high-income economy.

InvestKL's strategic plan has three (3) core objectives. Firstly, to encourage MNCs to share their best practices with local talent to boost the country's innovativeness and build a globally competitive Malaysian talent pool. Secondly, encouraging MNCs to invest in Malaysia's five (5) economic corridors, with GKL as the base of their strategic regional hubs and thirdly, InvestKL aims to facilitate more collaborations between MNCs and small and mid-sized enterprises (SMEs) to bring economic opportunities for all.

In the long run, MNCs and fast-growing companies that are strategically placed in GKL can boost their regional growth and stand in the global value chain. By being in Malaysia, they will also be able to leverage on the country's economic recovery as projected by the Central Bank of Malaysia at the economic growth of between 6% and 7.5% this year.

InvestKL Corporation Attracts and Facilitates Large Global Multinational Corporations in Establishing Their Regional Services Hubs in Greater Kuala Lumpur

- The main target group comprises of multinationals and fast-growing companies engaged in high-value, high-impact services which want to be in GKL to expand their reach in ASEAN and/or Asia Pacific markets.
- These multinationals range from sectors such as consumer technology, smart technology, healthcare, industrial automation, engineering services, as well as oil, gas, and energy.

GKL as a Regional Services and Technology Hub in Asia

- With good infrastructure and connectivity, GKL is the prime destination for MNCs involved in high-value and high-impact business services to locate their regional services or technology hubs.
- These MNCs are following in the footsteps of their global peers, which have successfully boosted their presence in ASEAN and/or the Asia Pacific by setting up their regional hubs here.

The GKL Live Lab: An Initiative to Encourage Collaborations between Multinational Corporations and Local Companies

- GKL Live Lab aims to attract foreign MNCs to elevate GKL's competitive advantage for quality, innovation-led and knowledge-intensive investments.
- The initiative aims to create high-value jobs, increase economic complexity, extend domestic linkages, and improve inclusivity.
- Innovation and ideation focus areas include driving innovation, accelerating digital adoption, growing local champions, developing the digital workforce and future-proofing Malaysia.
- Key industry sectors/activities for local and MNC collaborations comprise technology products and services, medical technology, autonomous vehicles, pharmaceutical or medical testing and clinical trials, R&D, design and development, deep and emerging technologies and ESG.

InvestKL Corporation Assists Investors by Facilitating the Setting Up of Regional Hubs by Providing Insights into Industries in This Part of the World

- Acts as a facilitator to MNCs on pertinent policies and incentives, while also a liaison between MNCs and a wide network of government agencies that can assist them with immigration, taxation, regulations, as well as legal and financial matters.
- Links investors to a wide business network that include foreign embassies, trade commissioners and various chambers of commerce, as well as talent pipelines via universities and recruitment agencies.
- Supports MNCs' plans to move up the value chain by creating long-term partnerships between existing investors and building strategic collaborations with SMEs.
- Assists MNCs with requirements involving project implementations and post-investment services, branding and media engagement activities.

The Asia-Pacific Economic Cooperation's Investment Experts Group

The Asia-Pacific Economic Cooperation (APEC)'s Investment Experts Group (IEG) is one of the Working Groups (WG) under the purview of the Committee on Investment. Essentially, the objectives of the IEG are set as follows:

i. to undertake work related to investment;
ii. to address issues related to investment and to enhance the liberalisation and facilitation of investment in the APEC region;
iii. to enhance capacity building in the area of investment through economic and technical cooperation among member economies in the APEC region; and
iv. to support investment promotion activities of member economies to facilitate investment flows in the region.

In alignment with APEC 2020 priority areas, namely improving the narrative of trade and investment, MITI as the current Chair of the IEG envisions to highlight the importance of and added values of promoting inclusive and responsible business and investment (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 the environmental, social and governance (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).

Subsequently, there are several deliverables that have been agreed by economies in order to put forward the agenda. To inaugurate the agenda, MITI has successfully organised a Public-Private Dialogue on IRBI which was conducted on 2 November 2020, which aimed to:

i. create awareness on the evolution of IRBI, and its pivotal role in advancing sustainable development;
ii. provide a common platform, not just among IEG members, but also to include broader policy-makers as well as the business community. This will provide an opportunity to interact and exchange views in promoting and implementing IRBI; and
iii. intensify national efforts among APEC economies to align their respective national strategy and programmes with the global development framework.

Investor-State Dispute Settlement Reform at the United Nations Commission on International Trade Law Working Group III and the 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 the 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 the initiative to provide platforms for the members to negotiate and deliberate on potential Investor-State Dispute Settlement (ISDS) reform resolutions, drawing from concerns commonly expressed against the current ISDS regime. The negotiations at both platforms have been conducted since 2017 and 2018, respectively.

Malaysia is signatory to various Investment Guarantee Agreements (IGAs) as well as Free Trade Agreements (FTAs) which contain 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 (AGC) have been taking part in the negotiations and discussions in both UNCITRAL and ICSID meetings, to ensure that Malaysia is kept abreast with the latest developments on ISDS reform, to be part of the policy making for 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 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 (IB) 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.

BIMP-EAGA has five (5) strategic pillars of development which include:

MITI has been designated the lead of the Trade and Investment Facilitation Cluster (TIFC) under the Connectivity Pillar at Malaysia level. TIFC aims to address the challenges and issues in developing trade and investments in the sub-region, to increase sustainable and competitive cross-border trade between the sub-region and with the rest of the world (intra-EAGA and extra-EAGA trade), as well as to create a conducive investment environment. TIFC has four (4) strategic priorities as follows:

i. streamlining of rules, regulations and procedures and facilitation of cross-border trade (imports and exports);
ii. identification and promotion of investment opportunities within the supply/ value chains along the priority economic corridors;
iii. increase participation of small and medium-sized enterprises (SMEs) in the corridor supply/value chains; and
iv. improve joint public-private sector trade and investment promotion initiatives.

MITI as the lead is responsible to ensure that Malaysia's projects under TIFC's Working Groups such as the Customs, Immigration, Quarantine and Security Working Group (CIQSWG), the Small and Medium Enterprises Development Working Group (SMEDWG) and the Statistics and Database Working Group (SDWG) at Malaysia's level, are making progress and subsequently delivering results.

Indonesia-Malaysia-Thailand Growth Triangle's 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 IB 2017-2021 as the guiding principle, develops and implements programmes/projects that serve to connect the right economic 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, as follows:

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

INDONESIA-MALAYSIA-THAILAND GROWTH TRIANGLE

Lead focus areas are economic sectors/sub-sectors/ industries that produce goods and services, meanwhile enablers which comprise of Central Governments, line Ministries, State Governments and Local Authorities are critical actors who are involved actively in the de-bottlenecking of administrative, technical and regulatory barriers that impede cross-border flow of goods, services, investment, people and vehicles. To ensure the top-down and bottom-up approach to develop and implement programmes and projects based on the key focus areas, WG serves as implementing arms in their respective focus areas.

The Working Group of Trade and Investment (WGTI) aims to make IMT-GT a trade and investment friendly subregion by 2021. To achieve this goal, these are WGTI's three (3) priority strategies, as follows:

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.

MITI is currently the Chair (2020-2022) of WGTI, responsible to ensure that the WGTI's projects under WGTI's Sub-Working Groups, such as the Customs, Immigration and Quarantine Sub-Working Group (CIQ-SWG) and the IMT-GT Trade, Investment and Tourism Database Sub-Working Group (ITITD-SWG), are making progress and subsequently delivering results.

TRADE FACILITATION

Facilitating Trading Across Border Issues Faced by the Industry During the COVID-19 Pandemic Period

Trade facilitation is very broad in its scope and coverage. MITI, together with relevant ministries and agencies, including the Ministry of Finance (MOF), Ministry of Transport (MOT), the Royal Malaysian Customs Department (RMCD) as well as port authorities, work hand in hand to diligently address the many issues that may stifle trade. Unarguably, cross border trade is a complex area that involves a wide range of authorities with multiple processes and procedures that need to be adhered to by traders. In Malaysia, there are more 50 permit issuance agencies, cross border regulatory agencies (CBRAs) or other Government Agencies (OGAs).

The COVID-19 pandemic did not hamper MITI's efforts in facilitating trade via industry engagements which are normally conducted through physical meeting sessions. Strategic virtual sessions were held regularly to discuss industry concerns related to import and export issues.

The Technical Working Group on Trading Across Borders (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 beyond the purview of any authorities.

The TWGTAB has been a useful platform for the private sector such as the FMM, Shipping Association of Malaysia (SAM), and the port community to escalate issues that are encountered on the ground, to be discussed towards reaching a solution between the respective regulators. 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 may be escalated to a higher-level committee i.e. the Special Task Force to Facilitate Business (PEMUDAH) or even other decision-making platforms related to the issues.

Another trade facilitation platform that MITI co-chairs with the RMCD is the Trade Facilitation Cluster Working Group (TFCWG) which is formed under the National Logistics Taskforce. The TFCWG also serves as the National Committee on Trade Facilitation. While the TWGTAB is more of an avenue to discuss operational issues, the TFCWG is focused more towards policy matters such as monitoring of implementation strategies under Malaysia's compliance to the WTO Trade Facilitation Agreement (WTO-TFA).

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 by the RMCD including issue of abandoned containers in the ports mainly consisting of plastic waste by Department of Environment (DOE) and SAM;
ii. issues related to permit requirement and inspection charges imposed by permit issuance agencies such as Malaysian Quarantine and Inspection Services (MAQIS);
iii. removal of import permit requirement for transhipment activities at federal ports by MOT;
iv. enhancement to the Electronic Preferential Certificate of Origin (ePCO) 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 the Malaysian Productivity Corporation (MPC).

In recent times, the National Authorised Economic Programme (AEO) which started in 2010 and is spearheaded by RMCD has been emphasised in both the TWGTAB and TFCWG platforms. In order to attract more companies to join the AEO programmes, in the 2021 Budget Speech, it was announced that the Government will implement AEO facilities at the national level with the aim of facilitating the AEO accreditation process and expanding AEO to logistics service providers and approved warehouse operators. In addition, to improve cross-border business efficiency and increase the productivity of the logistics sector, the RMCD will bring together 43 permits and trade licences Agencies to the AEO platform.

ASEAN Single Window

An electronic single window system is one example of a sophisticated paperless trade system which allows standardised information and documents to meet all import and export regulatory requirements. The Government of Malaysia together with other AMS are committed to simplifying, modernising and automating the submission of trade-related documents in a quest to promote growth of ASEAN intra-trade, and to accelerate regional integration towards AEC.

Malaysia has been in close cooperation with other AMS in establishing National Single Windows (NSWs) that are respectively interconnected to enable trade related documents to be exchanged electronically for faster cargo clearance. In relation to this, Malaysia and other AMS had embarked on a collaboration in a regional trade facilitation initiative named the ASEAN Single Window (ASW) that provides a platform to enable the exchange of trade documents electronically among AMS. The ASW Live Operation had begun on 1 January 2018, initially with five (5) exchange-ready AMS namely Indonesia, Malaysia, Singapore, Thailand and Viet Nam. By the end of 2019, all 10 AMS have been interlinked through the ASW Gateway network.

To achieve an all-inclusive trade facilitation aspiration across ASEAN, AMS have collaborated closely for ASW to enable exchanging of trade related documents where the first electronic documents namely the Electronic Certificate of Origin under ASEAN Trade in Goods Agreement (ATIGA e-Form D) had started to be exchanged between AMS in 2018. Subsequently, by end of 2020, the second trade related document, namely the ASEAN Customs Declaration Documents (ACDD) begun to be exchanged by AMS via ASW. Malaysia has successfully rolled out the ACDD Live Operation beginning 31 March 2021.The ACDD is an exchange of export declaration information between exchange-ready AMS. The ACDD comprises a detailed set of export permit data, which will be directed to the Customs Authority in the importing AMS to enhance risk management by the Customs authority in the importing country. The ACDD exchanged via ASW could potentially provide pre-arrival information that is useful in risk assessment by the RMCD.

AMS are encouraged to utilise ASW in issuance and acceptance of ASW e-ATIGA Form D to accelerate digitalisation of intra-ASEAN trade process which helps expedite seamless and faster movement of goods across borders. The eruption of COVID-19 pandemic had catalysed the fast adoption of e-ATIGA Form D amongst AMS, where contactless nature of the document handling is seen as an appropriate measure to curb the spread of COVID-19. In this regard, Malaysia has become the first AMS to announce the issuance of 100% e-ATIGA Form D in order to encourage faster and contactless service delivery in facilitating trade and businesses intra-ASEAN. In other ASW developments concerning Malaysia, all Malaysian ports and entry points are linked to ASW and able to accept electronic documents from other AMS's Certificate Issuance Agencies.

Expansion plans of the ASW have been planned to take off particularly in exchanging the electronic versions 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.

TRADE FACILITATION AND THE COVID-19 PANDEMIC

Personal Protective Equipment

Domestic and global demand for personal protective equipment (PPE) in healthcare facilities has surged since the outbreak of the COVID-19 pandemic. MITI has received numerous queries from the public especially from the health and pharmaceutical industries about permit exemption for their products. Most of the PPE that are used by the front liners fall under Category 1 – Special Materials and Related Equipment of the Strategic Trade (Strategic Items) Order (Amendment) 2018. Category Code 1A004 specifically describes protective suits, gloves and shoes specially designed or modified for defence against biological agents, radioactive materials or chemical warfare agents. On 11 March 2020, following the World Health Organization (WHO) declaration COVID-19 a global pandemic and consistent with the conditions set forth under the Order, Strategic Trade Act (STA) 2010 permit is not required if the equipment is occupational health or safety equipment limited by design or function to protect against hazards specific to residential safety or civil industries, including mining, quarrying, agriculture, pharmaceutical, medical, veterinary, environmental, waste management, and food industry. This has enabled Malaysian manufacturers to expedite production of rubber/nitrile gloves and export efficiently to meet global demand providing better protection for healthcare practitioners and other front liners to stop the spread of the coronavirus.

Permit Application

Year 2020 presented challenging times and the MCO in Malaysia and lockdowns in other countries had impacted all sectors including manufacturing of E&E. Nevertheless, backed with strong demands, many companies remain resilient and managed to power through the rough times. This is reflected in our STA permit application statistics that shows an increase of 14.3% in 2020 as compared to the previous year. The trend is consistent with the economic outlook that E&E sector will play a critical role in the country's recovery and re-growth following the COVID-19 outbreak. In addition, the E&E exports benefitted from a backlog of orders following the easing of mobility restrictions post-MCO.

As at 31 December 2020, MITI received 3,539 of e-STA permit applications. Applications for 2016-2020:

YEAR	2016	2017	2018	2019	2020
TOTAL	2,470	2,899	2,852	3,096	3,539

Secure Trade in the APEC Region Conference

Amidst the COVID-19 pandemic, MITI and the Ministry of Foreign Affairs Malaysia under the APEC Counter Terrorism Working Group (APEC CTWG) supported by the Export Control and Related Border Security Program organised the 'Secure Trade in the APEC Region Conference' (STAR XI Conference) from 20 to 21 October 2020 at Dewan Perdana, MITI. With the theme "Counter-terrorism and Secure Trade Strategy: Balancing Trade Security and Trade Facilitation in the APEC Region", the two-day conference was presented in hybrid format and gathered more than 300 attendees virtually. The conference was in line with APEC's role in helping to protect the region's economic systems from disruption as well the CTWG mission to assist member economies in protecting their supply chains as well as deliberating on cross cutting issues associated to counter-terrorism and secure trade. The conference highlighted on the Nexus between counter-terrorism and non-proliferation of Weapons of Mass Destruction (WMDs) followed with non-proliferation measures undertaken through strategic trade control system encompassing experience sharing by both public and private sectors. Discussion related to supply chain challenges arising in during the COVID-19 pandemic was deliberated underlining the importance of public private partnership to explore strategies to mitigate supply chain risk. The STAR XI Conference marked the finale and the completion of the Key Performance Indicator (KPI) for APEC CTWG Strategic Plan 2018-2022.

OUTLOOK 2021

The COVID-19 pandemic has significantly altered the global investment landscape, notwithstanding the geopolitical uncertainties, as well as growing protectionism and emergence of overarching megatrends such as technological disruptions, rapid urbanisation and climate change. The pandemic has also required countries to rethink their current growth strategies and adapt to new norms and realities.

Despite these challenges, Malaysia sees this as a window to boundless opportunities – particularly in resetting our approach to remain as a competitive nation and a magnet of strategic, high value and innovative investments, which create high paying and skilled jobs in the region. To this effect, MITI is currently undertaking various measures in fuelling the economic recovery and investment flows, including in taking the lead across Ministries and Agencies in ensuring key economic sectors are operating smoothly.

In addition, anchor policies in driving investments are currently being strengthened. This includes MITI and the MOF's joint effort in reforming Malaysia's investment legislations which are the PIA 1986, Special Incentives Package and incentives under the Income Tax Act 1967. This reform is to ensure investment incentives remain relevant and provide a balanced opportunity to all stakeholders. At the margins, MITI is reviewing the Industrial Co-Ordination Act 1975, to further reduce bureaucratic procedures for ML application process, as well as to enhance clarity of the procedures and scope of the ML to remain relevant.

MITI is also in the process of designing a new generation of the promoted list, aligning promotional efforts of IPAs to attract investments in new and emerging economic activities, providing greater clarity to investors particularly the MNCs.

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, MITI is spearheading a holistic reform of Malaysia's new investment agenda, premised on clear NIA that will navigate Malaysia towards a regional investment hub.

Malaysia's new investment strategies and sectors will intensify high technology and innovation which will balance economic and environmental sustainability and reduce dependence on foreign labour, in line with global benchmarks in ESG. The NIA are instrumental in every aspect of the investor journey. Subsequently, NIA will also be integrated into all national development strategies, especially in the preparation of the Twelfth Malaysia Plan (12MP) and the upcoming New Industrial Master Plan (NIMP).

CHAPTER 4

DIGITAL ECONOMY, PRODUCTIVITY & COMPETITIVENESS

OVERVIEW

The COVID-19 pandemic has challenged the nation and brought about an unprecedented economic impact, with many businesses facing serious challenges in having to abruptly adapt to conducting business in the new normal. In addressing the multiple economic barriers and challenges in light of this pandemic, it was the primary focus for Malaysia to undertake improvements in productivity strategies as well as adoption in digitalisation in creating resilience among organisations. Although the pandemic has accelerated the wave of change in driving the *rakyat*, businesses, and the Government to adapt to the digitalisation norms, there is much work ahead of us towards becoming an advanced digital economy by 2030.

DIGITAL ECONOMY

In 2020, the Government had extensively embarked on actions to streamline the many key policies that will lead to the complete development of digital economy in Malaysia. In this regard, the establishment of the National Council on Digital Economy and Fourth Industrial Revolution underscores the high-level commitment of the Government towards providing clear and coherent policy leadership in fostering the digital transformation agenda in Malaysia.

National Council of Digital Economy and the Fourth Industrial Revolution

In November 2020, the National Digital Economy and the Fourth Industrial Revolution (4IR) Council was established under the stewardship of the Prime Minister and is the highest level of governance to decide on policies, implement and monitor the digital economy strategies and initiatives. The High Council is supported by six (6) clusters focusing on key areas:

① **Economy**
to be chaired by the
Senior Minister of International Trade and Industry

② **Data and Digital Infrastructure**
to be chaired by the
Minister of Communications and Multimedia

③ **Emerging Technology**
to be chaired by the
Minister of Science, Technology and Innovation

④ **Digital Talent**
to be chaired by the
Minister of Human Resources

⑤ **Community**
to be chaired by the
Minister of Women, Family and Community Development

⑥ **Government**
will be led by the
Chief Secretary to the Government

In the spirit of inclusivity, the Council also comprises representatives from the private sector, industries and academicians who will lead efforts to continue the national development, focusing on intensive digitalisation cutting across all aspects of economy and life.

The National Council on Digital Economy and the 4IR signifies the commitment of the Government of Malaysia in tenaciously embracing change and providing solid teamwork to attain to the common economic and societal goals of the nation – powered by the technologies.

National e-Commerce Strategic Roadmap 2016-2020

The implementation of the National e-Commerce Strategic Roadmap (NeSR) 2016-2020 reached its conclusion in 2020. Since the beginning, the NeSR contained 11 Key Programmes led by 11 Ministries and Agencies namely Ministry of International Trade and Industry (MITI), Ministry of Entrepreneur Development and Cooperatives (MEDAC), Malaysia External Trade Development Cooperation (MATRADE), Malaysian Investment Development Authority (MIDA), Ministry of Finance (MOF), Malaysian Communications and Multimedia Commission (MCMC), Ministry of Domestic Trade and Consumer Affairs (KPDNHEP), Central Bank of Malaysia (BNM), National Cyber Security Agency (NACSA), MIMOS Berhad, and Standards Malaysia.

Indeed in 2020, there were overwhelming motivational factors for businesses to embrace the digitalisation programmes promoted through the NeSR, despite the pandemic and implementation of the Movement Control Order (MCO). For over four (4) years of its implementation, the Roadmap has indeed borne fruition, spanning from:

i. **378,487 small and medium-sized enterprises (SMEs)** had been trained under the various e-commerce programmes coordinated by the Malaysia Digital Economy Corporation (MDEC) to leverage on sellers' adoption to the e-commerce platforms. In 2020, a total of 231,365 SMEs participated in the programmes, which superseded the target set in NeSR by 161%;

ii. **27,635 SMEs** have successfully exported their products and services through e-commerce platforms via programmes under MDEC and MATRADE such as eTrade. In 2020, a total of 14,434 SMEs were engaged under this activity to promote export potential via e-commerce facilitation; and

iii. **Investments approved to establish regional e-fulfilment hubs in Malaysia have reached RM1.5 billion,** which is 120% higher than the target set under the NeSR. In 2020, MIDA approved RM863 million new investments for e-fulfilment hub projects.

The COVID-19 pandemic, albeit a scourge to our health and economy – is a "proof of concept" that the key Government digitalisation policies, including the NeSR -– are undeniably "future-proof" and therefore have been successful in achieving the intended targets.

National Action Council on Cost of Living

The National Action Council on Cost of Living (NACCOL) was established to resolve the issues and challenges related to the cost of living in Malaysia. NACCOL is a cross sectoral framework consisting of the relevant Ministries and Agencies which focus on mitigating the cost of living in Malaysia via the formation of six (6) clusters. Reflecting the changes to the administration, Cabinet Ministers Meeting on 11 March 2020 agreed for the NACCOL to be chaired by the Senior Minister of International Trade and Industry.

As co-lead of the e-Commerce cluster, MITI and MDEC are tasked to promote the use of e-commerce in generating income for Malaysians as well as to reduce the role of middlemen that contribute to the increased cost of goods in the market. Key achievements of e-Commerce Cluster in 2020 include:

73,013 SMEs were trained with e-commerce skills through the eUsahawan Programme led by MDEC, with total sales value amounting to RM295.9 million

22 Pusat Internet Desa (PID) nationwide have been empowered as One Stop Centres through the **Perkhidmatan e-Dagang Setempat (PeDAS) Programme led by MDEC**

RM475,903.40 total sales of rural entrepreneurs through the DesaMall Programme led by Ministry of Rural Development (KPLB)

366,387 participants trained through the e-Rezeki Global Online Workforce (GLOW) Programme led by MDEC with total additional income generated amounting to RM558.62 million

17 business matching with potential sales of **RM5.9 million** through the eSeller Sourcing Programme (eSSP) led by MATRADE

International Engagement Related to e-Commerce

Malaysia continued its active participation in ASEAN in 2020 to ensure the advancement of e-commerce and digital trade in the region would complement the domestic synergies in Malaysia. Through the ASEAN Coordinating Committee on Electronic Commerce (ACCEC), ASEAN Member States (AMS) continued the efforts to facilitate cross-border e-commerce in ASEAN via the development of a concrete ASEAN work plan to implement the ASEAN Agreement on Electronic Commerce, signed in 2019. Malaysia successfully ratified the Agreement in 2020 along with nine (9) other AMS. The Agreement will ensure a systemic approach for ASEAN to chart its e-commerce development and establish a regional commonality on e-commerce commitments.

The ACCEC had also diligently delivered the targeted outcomes for 2020, particularly those set under the ASEAN Work Programme on Electronic Commerce (AWPEC) 2017-2025 and the ASEAN Digital Integration Framework Action Plan (DIFAP) 2019-2025. Both documents contain multi-sectoral e-commerce initiatives to ensure a robust regional e-commerce ecosystem, especially in the areas of infrastructure, education, consumer protection, modernisation of the legal framework, security of electronic transactions, payment systems, trade facilitation, fair competition, and logistics.

Additionally, the ACCEC also pioneered the ASEAN Online Sales Day (AOSD) in conjunction with the ASEAN Day celebration on 8 August 2020. The event was the first ever collaboration amongst the AMS, aimed at reviving the regional economy amid the global pandemic, while highlighting ASEAN products in the ASEAN market. MITI, alongside MDEC coordinated the participation of 12 Malaysia-based e-marketplaces for the project offering cross-border e-commerce products and services to other ASEAN countries. The project had succeeded in promoting a total of 46,127,027 products of Malaysian companies, with 608,696 sales transactions recorded. Malaysian companies had also generated RM101,595,462 sales turnover during the one-day event. Inspired by its maiden success, the AOSD will be continued as an annual ASEAN-wide e-commerce agenda, involving e-commerce businesses and platforms.

MITI also represented Malaysia at the newly-formed ASEAN Digital Trade Standards and Conformance Working Group (DTSCWG). The Working Group was tasked to harmonise the digital trade standards, in view of facilitating cross-border digital trade. This is a key aspect in ensuring business coherence, especially to optimise the cross-border aspect of e-commerce. Albeit being a novel working group, the DTSCWG succeeded in getting its work programme for the next five (5) years endorsed by the ASEAN Senior Economic Officials Meeting in November 2020. MITI will continue to ensure successful implementation of the DTSCWG Work Programme that would contribute towards developing ASEAN standards, technical regulations and conformity assessment procedure initiatives in digital trade, in order to facilitate cross border trade, consistent with the national interests in Malaysia.

In the Asia-Pacific Economic Cooperation (APEC) arena, Malaysia being the host country of APEC 2020 meetings, had listed the inclusive economic participation through digital economy and technology as one (1) of the three (3) priorities for the regional grouping. Malaysia continued its commitment in implementing the APEC Internet and Digital Economy Roadmap (AIDER) that was endorsed in 2017, via the facilitation of the Digital Economy Steering Group (DESG). APEC economies have pledged to work together in 11 key focus areas outlined in AIDER, to facilitate technological and policy exchanges, promote innovative, inclusive, and sustainable growth, as well as to bridge digital divide in the APEC region.

E-COMMERCE DEVELOPMENT

As the Government Agency entrusted to promote Malaysia's export, MATRADE continues to put the spotlight on capable Malaysian companies on the international stage and helping make the phrase Made-In-Malaysia synonymous with excellence, reliability, and trustworthiness. Since its inception, 2020 has been a very challenging period especially due to the COVID-19 pandemic. As such, MATRADE has taken various additional efforts to achieve the targets and tasks entrusted to it.

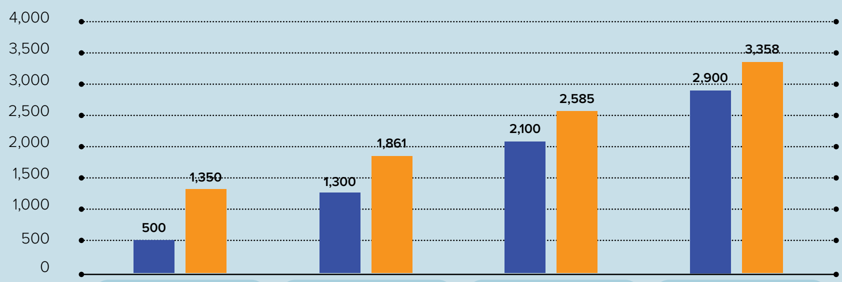
eTRADE Programme

The eTRADE Programme was designed to facilitate Malaysian SMEs in accelerating their exports by listing their products and services in international e-commerce platforms. The programme started in October 2014 in collaboration with MDEC. From 2017 onwards, it was implemented solely by MATRADE under the Eleventh Malaysia Plan (11MP). From the emerging trend, importers and Malaysia's main trading partners were increasingly utilising e-commerce for their business activities. As such, necessary steps were taken to improve and enhance e-commerce programmes in assisting Malaysian exporters. This was further boosted by the COVID-19 pandemic.

Awareness and outreach activities were intensified during the MCO period. A total of 16 programmes were organised through webinars, which consisted of briefing sessions and workshops, as well as eTRADE Consultation Days. A total of 234 companies and 3,828 participants joined these programmes. A total of 774 companies were approved under the eTRADE Programme in 2020. The programme had successfully achieved its targets and exceeded the key performance indicators (KPI) under the 11MP. A cumulative total of 3,358 companies (Exhibit 4.1) were approved from 2017 until 2020, exceeding the target of 2,900 for the period. Companies that joined the eTRADE Programme also managed to generate more than RM300 million in export sales from 2017 until 2020.

EXHIBIT 4.1

A CUMULATIVE TOTAL OF COMPANIES APPROVED FROM 2017-2020



	2017	2018	2019	2020
TARGET	500	1,300	2,100	2,900
ACTUAL	1,350	1,861	2,585	3,358

Source: Malaysia External Trade Development Corporation (MATRADE)

e-Commerce

Malaysia Week 2020

MITI and MATRADE supported the Malaysia Week Campaign 2020 (MW2020) that was held from 9 to 18 September 2020, with the objective to accelerate Malaysian exports via e-Commerce into the PRC. MW2020 was jointly organised by the Malaysian Government and the Alibaba Group to provide a global platform for Malaysian companies to showcase and promote their products and services in the PRC. A total of 200 Malaysian brands ranging across more than 600 products participated in the campaign. Among the Malaysian products that were well-accepted in the PRC included Musang King durians and edible bird's nest. Backed by the Electronic World Trade Platform (eWTP), an Alibaba-led initiative that aims to lower the barriers to global trade for SMEs, the annual event has become an important avenue to connect Malaysian brands with Chinese consumers since its launch in 2018. The 2020 edition, which was expanded to 10 days for the first time, took place across Alibaba's Tmall, Taobao Live, Juhuasuan, Fliggy and Freshippo platforms. The event also attracted more than 80 million viewers on Alibaba's Taobao Live platform.

EXHIBIT 4.2

MALAYSIA WEEK 2020 PERFORMANCE

Promotion Platform Structure

- Largest C2C eCommerce platform in PRC
- Largest B2C eCommerce platform in PRC
- Largest B2C cross-border eCommerce platform in PRC
- Member-based cross-border e-Commerce platform
- Discounted goods promotion channel
- Leading new retail local shopping channel (online and offline) in PRC
- Alibaba's livestream channel for online shopping

Multiple sales channels target different consumer segments

Sales Achievement Highlights

Overview

- More than 95% GMV growth over Malaysia Week 2019

Sales Highlights

- 2,000 Musang King durians were snatched up in just 15 minutes
- 30,000 boxes of Durian Snow Skin Mooncakes sold, including 20,000 inventory in 1 second
- 140,000 packs of cookies sold out in a second
- 360,000 packs of mint candy sold out in 5 minutes
- 120,000 grams of dried bird's nest in 5 minutes as well as 160,000 bottles of bird's nest, exceeding RM3.35 million (RMB 5.5 million) in sales on the first day of Malaysia Week for PT SWIFT

Source: Department of Statistics, Malaysia (DOSM)

MyExport: Malaysia External Trade Development Corporation

MATRADE continues to promote its digital platform namely MyExport, an online service that allows Malaysian exporters registered with MATRADE to access information related to trade in the digital platform. In 2020, Malaysian exporters were hit hard by the COVID-19 pandemic and due to travel restrictions, were unable to participate in trade shows or conduct face-to-face meetings with potential customers. MyExport played an important role in disseminating valuable trade information to facilitate Malaysian exporters.

EXHIBIT 4.3

MYEXPORT PROMOTIONAL ACTIVITIES

Source: Malaysia External Trade Development Corporation (MATRADE)

In 2020, MyExport published 3,177 trade leads from enquiries received from 42 countries. Among top products sought after were Prepared Food, Agricultural, E&E Parts and Components, Pharmaceutical, Toiletries and Cosmetics, and Beverages. Among leading countries interested with Malaysian products and services were the PRC, Brazil, South Africa, Thailand, and Viet Nam. There were also 899 Market Alerts and 171 Product Market Studies disseminated through MyExport.

These market intelligence and trade opportunities are provided by MATRADE's 46 Trade Commissioners (TCs) as well as extracted from MATRADE's internal application system. A total of 1,723 companies were assisted through these services. In 2020, MyExport was awarded 2nd runner up by the World Trade Promotion Organisations (WTPO) 2020 Award under the Best Use of Technology category at the International Trade Centre, Geneva. This recognition will further motivate MATRADE to continuously improve and develop more digital services in the future as part of MATRADE's digitalisation initiative for the benefit of Malaysian exporting community.

Market Development Grant

As the COVID-19 pandemic has catastrophic impacts on domestic and international business ecosystems, MATRADE has made several enhancements under the Market Development Grant (MDG). One of the main objective is to encourage SMEs to participate in virtual business-to-business (B2B) meetings in International Trade Fairs in Malaysia and abroad. In 2020, 80 applications were received for Participation of Virtual Trade Fair/Exhibition Held Locally or Overseas. A total of 79 companies benefitted from the assistance, amounting to RM416,952.70 of total grant disbursed as shown in Exhibit 4.4. The top three (3) industries assisted in 2020 were furniture companies with a total claim of 60.99% (RM254,287.15) followed by other professional and technical services at 8.06% (RM33,620) and E&E Parts and Components companies at 6.94% (RM28,927.70).

EXHIBIT 4.4

SUMMARY REPORT ON VIRTUAL EVENT: TRADE FAIR/EXHIBITION HELD LOCALLY OR OVERSEAS BY INDUSTRY

BY INDUSTRY	COMPANIES	COMPANIES (%)	NUMBER OF CLAIMS	CLAIM (%)	GRANT DISBURSED (RM)
Furniture	53	67.09	54	67.5	254,287.15
Prepared Food	5	6.33	5	6.25	15,045.00
Engineering Services	4	5.06	4	5	23,620.00
Electrical & Electronics Parts and Components	2	2.53	2	2.5	28,927.70
Oil and Gas	2	2.53	2	2.5	10,000.00
Other Professional and Technical Services	2	2.53	2	2.5	33,620.00
Apparel, Garments and Accessories	1	1.27	1	1.25	8,451.85
Business Services	1	1.27	1	1.25	5,000.00
Consumer and Industrial Electrical & Electronics Products	1	1.27	1	1.25	8,000.00
Education Services	1	1.27	1	1.25	5,000.00
Entertainment	1	1.27	1	1.25	2,569.00
Information and Communication Technology	1	1.27	1	1.25	500
Machinery and Equipment	1	1.27	1	1.25	5,000.00
Palm Oil Products	1	1.27	1	1.25	5,000.00
Plastic Products	1	1.27	1	1.25	4,982.00
Support Services	1	1.27	1	1.25	1,950.00
Wood Products	1	1.27	1	1.25	5,000.00

Source: Malaysia External Trade Development Corporation (MATRADE)

eBizmatch and #MyAPEC2020 Exhibition

In light of the social distancing measures and travel restrictions, MATRADE successfully adopted an alternative means in organising international sourcing programmes (INSPs) to connect foreign buyers with Malaysian companies. Virtual business meetings, known as eBizMatch were therefore conducted throughout the year, a marked difference from INSPs were held only exclusively during international trade events. In 2020, a total of 1,365 business meetings were arranged between 1,115 Malaysian companies and 703 foreign buyers from all over the world resulting in RM1.08 billion of export sales.

Moreover, in hosting #MyAPEC2020 Exhibition, a strategic decision was also made to shift physical events to online. The exhibition was introduced as an interactive e-business engagement platform, comprising among others, the eBizMatch. A total of 308 eBizMatch sessions were organised over the course of the exhibition, resulting in sales worth RM574.03 million. This proved that business engagements could still continue, without the need for physical presence in the new normal. Besides that, 154 webinars were conducted by MATRADE in 2020, covering a wide range of topics particularly on market trends, trade regulations and business opportunities, and recorded a total of 8,760 viewers.

PRODUCTIVITY DEVELOPMENT

The Organisation for Economic Co-operation and Development (OECD) conducted the first economic assessment of Malaysia in 2016, which recognised that Malaysia's overall growth was moderating. One of the key findings in OECD's inaugural assessment on Malaysia's economy indicated that although the country's economy had proven resilient against global force, more efforts were needed to raise productivity growth which would elevate the living standards for all citizens. OECD emphasised that boosting productivity was the key to fostering Malaysia's inclusive growth. Five (5) years have since passed, now Malaysia, as is the rest of the world, is impacted by the worst economic and health crisis in the decade – yet the conclusion formed in the 2016 assessment that productivity is the key to strengthening the nation's comprehensive growth, remains relevant, even more so now against the disruptive repercussion from the COVID-19 pandemic.

The recent OECD 2021 report on the Economic Outlook for Southeast Asia, People's Republic of China (PRC), and India states that "a combination of structural measures to boost productivity growth and fiscal measures to stimulate global aggregate demand may be needed to reverse the drop in the natural rate of interest", which denotes the interconnectivity between productivity growth and economy, particularly with reference to the ASEAN countries. A strong push to elevate Malaysia's productivity level is crucial to escalate the country's economic revival and recovery. The OECD predicted that Malaysia is projected to record an economic growth rebound to 7.0% in 2021, unless MCO is prolonged or intensified for a longer period.

The Malaysia Productivity Corporation (MPC) is responsible to drive the productivity growth of the nation. Mandate of MPC to spearhead Malaysia's productivity is stipulated in the Malaysia Productivity Blueprint (MPB), a living document which aims to raise Malaysia's productivity to new heights. The impact of the COVID-19 pandemic has renewed the MPB's focus in boosting the nation's productivity growth after the unprecedented economic downturn in 2020. The year 2021 is projected to be the year of productivity rebound as the country's economy will be going through the revival and recovery phase. As highlighted by the blueprint, challenges to productivity growth are grouped in five (5) categories (Exhibit 4.5).

Challenges to productivity growth in the five (5) identified areas have been compounded by the repercussions from the pandemic. Alongside the downturn, labour productivity has been greatly affected by the pandemic, taking some countries to the edge of recession. While most economies recorded recovery in the second half of 2020, the improvement could not salvage the overall productivity performance. The contraction in productivity growth calls for a revisit to the MPB, to deep dive into the challenges and address them according to the current scenario, against the urgent need to pursue the country's economic recovery.

The MPB has identified a wide variation in challenges for different sectors and industries, which provides a strong justification for establishing additional sector-specific initiatives to unlock the potential for productivity. Therefore, the Sector Productivity Nexus (Exhibit 4.6) covering nine (9) subsectors, led by industry champions who have identified to role model for change, have been formed to drive the implementation of the initiatives. Under the Productivity Nexus, industry associations and enterprise champions are empowered to capitalise on their strong connections and networks with sector players, practical knowledge, and role as the collective voice of the sector. Materialising the intended impact of MPB requires well-designed and implemented programmes. Since its launch in 2017, these nine (9) Productivity Nexus, through MPC, have organised several programmes utilising the public-private partnership governance model.

EXHIBIT 4.5
CHALLENGES TO PRODUCTIVITY GROWTH

Talent	Technology	Incentive Structure	Business Environment	Productivity Mindset
Building Workforce of The Future	**Driving Digitalisation and Innovation**	**Making Industry Accountable for Productivity**	**Forging Robust Ecosystem**	**Securing Strong Implementation Mechanism**
Restructing workforce by rising the number of high-skilled workers, tightening entry of low-skilled workers and meeting demands of the future economy	Strengthening the readiness of enterprises to effectively adopt and exploit technology and digital advantage such as 4th Industry Revolution	Reducing reliance on non-critical subsidies, linking financial assistance and liberalisation efforts to productivity outcomes and strengthening industry positioning in higher value and segments of the value chain	Addressing regulatory constraints and developing a robust accountability system to ensure effective implementation of regulatory reviews	Embedding culture of productivity through nationwide movement and driving accountability in productivity performamnce through effective governance mechanism

Source: Malaysia Productivity Blueprint (MPB)

EXHIBIT 4.6
SECTOR PRODUCTIVITY NEXUS

ROLE OF PRODUCTIVITY NEXUS

1. Support sector-level Industry
2. Empower enterprises to help themselves
3. Enable enterprises through knowledge sharing

- Industry associations to be empowered as key change agents
- The Nexus Virtual Centres will be led by sector champions
- Link Performance Management System to incentives

5 KEY STRATEGIC THRUSTS

1. Building Workforce of the Future
2. Driving Digitalisation and Innovation
3. Making Industry Accountable for Productivity
4. Forging a Robust Ecosystem
5. Securing a Strong Implementation Mechanism

9 SUBSECTORS

- Agro-Food
- Chemical & Chemical Product
- Digital
- Electrical & Electronics
- Machinery & Equipment
- Private Helathcare
- Professional Service
- Retail & F&B
- Tourism

Source: Malaysia Productivity Blueprint (MPB)

Key Programmes in 2020

Compendium of Agrofood Technology

The Agro-food Productivity Nexus (AFPN) has developed a compendium of agro-food technology in 2020 that offers in-depth, reliable, and valuable information on up-to-date knowledge and existing technology available in the market. It covers the subsector supply chain, namely production, post-harvest handling, processing, distribution, and retail. The foundation of this compendium also brings upstream and downstream stakeholders of the agro-food value chain together in a single platform. As of December 2020, there are about 618 visitors who have already reaped the benefits of the rich information available from this database. Sufficient access to information through this compendium will empower farmers to capitalise on the latest technology and reap the benefit from productive and sustainable farming practices.

Customised Collaboration Local Workforce Upskilling Programmes

Forging a collaboration between industry players and academia can unlock the potential productivity in the chemical subsector. Thus, the Chemical Productivity Nexus (CPN) has collaborated with Tun Syed Nasir Polytechnic (PTSN) in Pagoh, Johor, and Genovasi University College (GUC) in Petaling Jaya, Selangor in to design a specific course to upskill workers in the chemical subsector. Through this partnership, the CPN was able to integrate GUC's specialised knowledge in online distance learning with PTSN's expertise in conducting diploma programmes in the fields of chemical engineering, process engineering (petrochemicals), and chemical technology, to come up with the new course syllabus and modules that are targeted for implementation in 2021.

Digital STARS Programme

The Digital Productivity Nexus (DPN) has developed the Quadruple Helix Framework-Digital STARS Internship Framework, which is a digital platform to address the shortage of digital technology talents and enhance collaboration among industry, academia, government, and community. The Digital STARS Internship Programme provides an avenue to effectively place digital technology interns from Malaysian Institutions of Higher Learning (IHLs) in a selected industry and transform them into future digital talents to fulfil the industry's needs. They have the potential to assist their prospective employer to generate more income as they are more productive and capable of achieving breakthrough results. The DPN has successfully carried out a pilot project in July 2020, with the placement of 97 digital technology students as interns in 20 companies.

Plugfest 2.0

The Electrical and Electronics Productivity Nexus (EEPN) is tasked to enhance the competitiveness of the Electrical and Electronics (E&E) industry, particularly in increasing the productivity, capability, and competency of the E&E subsector. One of the EEPN's flagship initiatives is the Plugfest workshop which aims to accelerate the adoption of Industry 4.0 technology among local industries. Following the success of the programme, the EEPN subsequently organised a Plugfest 2.0 in 2020. While the inaugural Plugfest had emphasised on the benefits of the Internet of Things (IoT) applications, Plugfest 2.0, which ran from August to October 2020, highlighted the benefits of using artificial intelligence-based (AI-based) technology such as Machine Vision system in the production/manufacturing line.

Productivity1010

The Machinery and Equipment Productivity Nexus (MEPN), in collaboration with Business Virtual Mentoring Services (BVAM), has launched the Productivity1010 (Productivity through Digitisation) programme to assist companies in coming up with their digitisation roadmap in pursuance with the Industry4WRD. It provides industry players with their own digitalisation self-diagnostic and prioritisation matrix tools. The digitisation self-diagnostic tool enables the company to conduct a self-check on their readiness to embrace digitisation while the prioritisation matrix tool helps to identify priority areas where digitalisation would bring the most benefit. A total of 79 companies have completed their self-assessment. Of these, the MEPN has assisted 37 of them via the virtual mentoring programme.

Certificate in Food and Beverages Operation

The Retail and Food and Beverage Productivity Nexus (RFBPN) has developed a certification programme in Food and Beverage (F&B) operations to enhance the standard of service delivery in the F&B industry. Spread over a period of eight (8) days, the programme comprised five (5) modules: (i) F&B service operations, (ii) service excellence, (iii) food safety, (iv) F&B management, and (v) effective leadership skills. After completing the certification programme, participants will be able to improve their customer service to be at par with international standards. Ten F&B companies registered their staff for the certification programme in 2020.

Handbooks/Guidelines for the Private Healthcare Sector

The Private Healthcare Productivity Nexus (PHPN), a public-private partnership tasked to enhance productivity in the private healthcare sector has identified regulatory red tape as one (1) of the priority areas for improvement. To assist understanding on the issue of regulatory requirements, the PHPN has published five (5) handbooks/guidelines and one (1) is in progress, for the private healthcare sector. The titles are as follows:

i. Completed and published online (2019-2020):

- Handbook on Harmonisation of Technical Requirements and Setting Up New Private Hospital;
- Handbook on Requirement and Procedures Under Act 586;
- *Prosedur Permohonan Pembaharuan Lesen* (Procedures relating to Licence Renewal Application)
- *Garis Panduan Perluasan atau Pengubahan Hospital Swasta* (Guidelines on Expansion or Renovation for Private Hospitals); and
- Handbook on Technical Design Reference for Disaster Preparedness in Setting Up New High-Rise Private Hospital.

ii. To be published in 2021:

- Guidebook on a How to Set Up & Run Private Medical Clinics in Malaysia.

BOX ARTICLE 4.1 Productivity through Digitalisation: Electrical and Electronics Productivity Nexus Plugfest End-Users Projects Compilation

The National Policy on Industry 4.0, or Industry4WRD, was launched in October 2018, and is a crucial step as Malaysia seeks to strengthen its on-going structural reforms to become a developed nation latest by 2024. Whilst Industry 4.0 adoption is deemed crucial for business survival and further growth in innovation led value creation, we still do not see an easy path for small and medium-sized enterprises (SMEs) to step up to embrace the opportunity, either as the adopter of the trend or a creator of the value.

Thus, the Electrical and Electronics Productivity Nexus (EEPN), established under the Malaysia Productivity Blueprint (MPB) is chartered to improve productivity of the electrical and electronics (E&E) sector. Four (4) key strategies were identified under the EEPN, namely to enhance higher value-added activities, nurture talent development, creating value towards Industry 4.0 Ecosystem and strengthen SME development.

The Plugfest end-user's series of workshops is one of EEPN's winning formula conceptualised to accelerate the adoption of Industrial 4.0 among industry players. Since its pilot implementation in 2018, the Plugfest has attracted 172 participants from 92 companies. Out of which, a total of 32 Proof-of-Concept (POCs) projects have been shortlisted to be showcased in this Plugfest Booklet. The project is in collaboration with Intel Malaysia and Axiomtek as technology partners and Penang Skills Development Centre as the programme coordinator.

The programme comprises of the Plugfest 1.0 (Industrial Internet of Things or IIoT) and Plugfest 2.0 (AI-Based Internet of Things or AIoT). Plugfest 1.0 focused on Industrial Internet of Things. In the three (3) full-day workshop, participants were guided on connecting three (3) types of sensors (light, temperature and humidity sensors) to an analog-to digital converter (ADC) which in turn was connected to an Internet Gateway. Participants were also taught Node-RED programming and to use the Dashboard module to visualise the readings from the three (3) sensors. Plugfest 2.0 (AI-Based Internet of Things or AIoT) Plugfest 2.0 is an Artificial Intelligence (AI) based machine vision system. The Plugfest 2.0 starter kit consists of an Intel-based industrial PC and is powered by Intel® Intel Edge Insights for Industrial and Intel® OpenVINO™ toolkit. In the six (6) half-day workshop, participants were taught images capturing techniques, images detection and labelling systems, machine learning and model algorithms. Participants are also taught Node-RED programming and how to use the Dashboard module to visualise the results of their inferencing.

Moving forward, EEPN in partnership with the Malaysia Productivity Corporation (MPC), has taken these initiatives to the next national-level, so that its impact can be of benefit to the larger community, and continue to be a prime catalyst for the manufacturing sector's economic growth in Malaysia.

Developing and Promoting Professional Services Consortiums

One of the key initiatives to enhance productivity in the professional services subsector is the establishment of cross-border professional services consortiums, to boost an establishment's competitiveness abroad. Such consortium serves as a one-stop centre for professionals seeking to expand the market for their business practice. Consequently, the Professional Services Productivity Nexus (PSPN) has in 2020, collaborated with six (6) national associations of professional discipline, to develop a conceptual framework for Professional Services Consortiums. The multidisciplined experts have come up with five (5) consortium models and guidelines.

Furthermore, the PSPN has inked a Memorandum of Understanding (MoU) with the Architect Center Sdn. Bhd. (ACSB) and the Institution of Engineers Malaysia Training Centre (IEMTC) in November and December 2020, respectively. Under these MoUs, the ACSB will assist in developing the framework for a consortium model by conducting coaching and mentoring exercises with multidisciplinary professional groups. Meanwhile, by leveraging on the knowledge and expertise inherent among a select group of experienced professional engineers, the IEMTC will design a framework that aims to further develop the engineering consulting firms (ECF) and ensure these firms remain sustainable. These initiatives will pave the way forward for other professional bodies in terms of marketing and business promotion.

Malaysia Tourism Excellence Business Certification Programme

The Tourism Productivity Nexus (TPN) has launched the Malaysia Tourism Excellence (MaTEx) Business Certification Programme in 2019. This is a scheme to enable micro and small and medium-sized tourism companies to enhance their operations standards, improve their service delivery, and ultimately expand their business. Tagged as a certification programme "by the industry, for the industry", the certification programme is tailored for six (6) segments of the industry namely:

MALAYSIA TOURISM Excellence BUSINESS CERTIFICATION

1. Travel Agencies
2. Adventure Tourism Operators
3. Event Management Companies
4. Meetings, Incentives, Conferences & Exhibitions (MICE)
5. Product Operators / Site Owners
6. Homestay/Kampungstay Operators

Business owners in each category must comply with between 100 and 150 indicators or requirements to be eligible for the MaTEx Certificate of Excellence. In the wake of the COVID-19 pandemic, they must also adhere to the Guidelines on Adopt and Adhere COVID-19 (GPPAC19) Standard Operating Procedure (SOP).

State Productivity Initiatives

The State Productivity initiatives are designed to facilitate the productivity growth at the state level, and to support the State Governments' aspiration to become progressive and competitive so as to be able to generate high-income. Among the reasons identified that hinder productivity growth at the state level have been determined as:

- low levels of innovation, research and development (R&D) activities and use of digital technology;
- lack of employment opportunities for skilled workers as compared to unskilled workforce; and
- redundant regulations, including the absence of a concerted effort to push for regulatory reforms that lead to productivity growth.

In 2020, State Productivity initiatives were piloted in Kedah and Penang in collaboration with the respective State Governments and followed by other states which will be fully implemented by 2022 (Exhibit 4.7).

EXHIBIT 4.7

IMPLEMENTATION OF STATE PRODUCTIVITY BY THE STATES

STATE	MONTH
PENANG	MAY 2020
SABAH	JUNE 2020
SARAWAK	JUNE 2020
PERLIS	JULY 2020
KEDAH	JULY 2020
PERAK	JULY 2020
PAHANG	MARCH 2021
JOHOR	JUNE 2021
MALACCA	JUNE 2021
NEGERI SEMBILAN	JUNE 2021
TERENGGANU	JULY 2021
KELANTAN	AUGUST 2021

Source: Malaysia Productivity Corporation (MPC)

The State Productivity development initiative targets to enhance productivity growth in the state through the five (5) main thrusts of the MPB namely human capital, technology, incentives, regulations, and productive mindset. It facilitates the State Government to:

① **Accelerate & boost** productivity growth in the state

② **Promote a productive mindset** among stakeholders

③ **Enhance the business environment** by reducing unnecessary business regulations

The State Productivity framework has been comprehensively developed to boost states' productivity growth, including promoting a coordinated involvement from the public and private sectors, non-government organisations and the *rakyat*. The five (5) factors that can contribute to increased productivity have been identified as:

i. **HUMAN CAPITAL** – enhancing number of skilled and knowledgeable workers through upskilling, reskilling, and training programmes tailored to meet industry requirement.
ii. **TECHNOLOGY AND INNOVATION** – enhancing innovation at the company level, leveraging on the digital economy, and facilitating companies to invest in new technologies.
iii. **INCENTIVES** – encouraging companies to accelerate the adoption of Industry 4.0 technology under the National Economic Recovery Plan (PENJANA) financial assistance scheme.
iv. **REGULATIONS** – identify and reduce/eliminate redundant regulations that inhibit the state's economic and productivity growth.
v. **PRODUCTIVE MINDSET** – implementation of more targeted and efficient productivity programmes to encourage management to embrace a productive mindset and adopt technological best practices.

Productivity – Enterprise Achievements

A total of 11,322 enterprises benefited from various programmes organised by MPC in 2020. The programmes covered a wide scope ranging from assessment, intervention, best practices documentation and sharing session.

i. Productivity Advisory and Consultancy Services Programme

The Advisory and Consultancy Services (ACS) is a programme conducted to improve the efficiency and effectiveness of production or services. The overall impact of the ACS programme is to increase productivity and enhance the competitiveness of the company. In 2020, a total of 257 companies, 150 of which are SMEs, and 9,377 participants have benefited from this programme. The SMEs' participation was made possible under the Government initiative grant, Enterprise Productivity Enhancement Scheme. Overall, the impact of the programme had led to a reduction in wastage (60%-90%), reduced processing or service time, leading to increased production (50%-70%), improvement in product or service quality (50%-90%), all of which contributed to an increase in revenue (30%-50%). At the same time, MPC also introduced the Enterprise, Intervention, and Innovation Programme (EIIP) as consultancy sessions with companies participating in the ACS programme.

ii. Team Excellence Programme

The Team Excellence Programme is the platform for quality experts, and quality circle practitioners and enthusiasts to learn from the experience and good practices in exemplary organisations and teams. The programme makes use of various quality improvement tools and techniques to showcase innovative projects via a slide presentation. Apart from promoting a culture of excellence, enhancing talent, and inculcating a productive mindset, the successful implementation of the Team Excellence project would eventually translate into cost savings and consequently enhance profitability. MPC hosted its inaugural Annual Productivity and Innovation Conference and Exposition (APIC) in November 2020. MPC noted that initiatives such as Innovation and Creativity projects, LEAN Management programmes, and Quality Environmental (5S) Certification programme have resulted in a value creation worth RM1.14 billion.

iii. Malaysia Business Excellence Programme

The Malaysia Business Excellence Framework (MBEF) (Exhibit 4.8) provides organisations with a tool to strengthen their management systems and capabilities in achieving organisational sustainability and competitiveness. MPC collaborated with several anchor organisations in Malaysia, that in turn led their subsidiaries and vendors towards adopting the MBEF. A total of 310 companies throughout the nation were assessed using the framework. MPC also hosted a Business Excellence Chief Executive Officer (CEO) Forum 2020, themed "Business Sustainability During an Economic Crisis", and a total of 87 senior management from various business organisations participated in the forum, which aimed to enhance the senior management's understanding on key issues and challenges which could affect a business during an economic crisis, and how to mitigate or address them and thus, maintain business excellence. In addition to this, a series of webinars were conducted aimed to improve operational performance and service delivery and to develop a culture of business excellence across organisational systems and processes.

iv. e-Shared Prosperity Organisation Acknowledgment Certificate

e-Shared Prosperity Organisation (eSPO) is an online system that issues an electronic Acknowledgement Certificate to any organisation that has successfully implemented the Productivity-Linked Wage System (PLWS). The certification programme serves as the platform for providing formal recognition to business organisations that implement the PLWS and thus practice mutual wealth creation and wealth sharing between employers and employees. As such, the eSPO Acknowledgment Certificate is recognised by MITI, the Ministry of Human Resources (MOHR) and MPC.

EXHIBIT 4.8

THE MALAYSIA BUSINESS EXCELLENCE FRAMEWORK

Seven (7) Criteria of MBEF

A comprehensive approach of assessment across seven (7) criteria or interlinked focus areas. Leadership drives organisations to achieve Results through process effectiveness in Strategy, Information, Customers, Workforce and Process. Organisations Learn, Innovate and Transform from the Results to improve all other focus areas, which in turn leads to improved Results. These criteria are built on 11 Guiding Principles. While the organisation's background – namely its direction and the internal and external factors that affect – form the Organisational Overview.

COMPETITIVENESS PERFORMANCE

National Competitiveness

In the World Competitiveness Yearbook (WCY) 2020, Malaysia was ranked at 27th place as compared to 22nd position in 2019. In the Asia Pacific region, Malaysia was ranked 8th ahead of Japan (Exhibit 4.9). Within the ASEAN region, Malaysia remained in 2nd position behind Singapore. Malaysia maintained its 2nd ranking behind the PRC among countries with growth domestic product (GDP) per capita of less than USD20,000. Malaysia remained in the top 10 economies for competitiveness among countries with populations greater than 20 million. Malaysia's ranking under the Economic Performance factor improved from 11th to 9th position. The improvement was attributed by subfactors namely domestic economy, international trade, international investment, employment, and prices. Meanwhile, Malaysia recorded a decline in three (3) other input factors namely Government Efficiency, which declined from 24th to 30th place: Business Efficiency, which decreased from 18th to 29th place; and Infrastructure, which deteriorated from 28th to 31st position (Exhibit 4.10).

Malaysia remained in the top 10 economies for competitiveness among countries with populations greater than 20 million

Malaysia's ranking under the Economic Performance factor improved from 11th to 9th position

Each Input Factor is measured by five (5) subfactors. In total, there are 20 subfactors measured in WCY. Malaysia's overall ranking which dropped by five (5) places from 22nd to 27th position was attributed to the declines in 14 out of 20 subfactors (Exhibit 4.10). Four (4) subfactors showed improvement in ranking while two (2) subfactors remained unchanged. Business Efficiency Input Factor recorded a decline in all of its five (5) subfactors.

EXHIBIT 4.9

WORLD COMPETITIVENESS YEARBOOK 2020 AND MALAYSIA'S PERFORMANCE IN ASIA-PACIFIC AND ASEAN

2020

WORLD COMPETITIVENESS RANKING IN ASIA-PACIFIC AND ASEAN REGION

		Score	2019
1st	SINGAPORE	100.00	1 (100.00)
2nd	HONG KONG SAR	97.061	2 (97.986)
3rd	TAIWAN	91.267	4 (88.239)
4th	AUSTRALIA	85.031	5 (85.506)
5th	PRC	82.038	3 (88.775)
6th	NEW ZEALAND	80.26	6 (88.775)
7th	ROK	79.221	9 (76.504)
8th	MALAYSIA	76.395	7 (82.544)
9th	THAILAND	75.387	8 (77.233)
10th	JAPAN	69.854	10 (74.749)
11th	INDONESIA	66.751	11 (73.597)
12th	INDIA	62.095	12 (67,179)
13th	PHILIPPINES	60.424	13 (64.727)
14th	MONGOLIA	43.409	14 (45.186)

Source: World Competitiveness Yearbook 2020

EXHIBIT 4.10

MALAYSIA'S OVERALL RANKING

	RANK		CHANGES	
	2020 (n=63)	2019 (n=63)		
Overall Scoreboard	27	22	▼	(-5)
Economic Peformance	9	11	▲	(+2)
• Domestic Economy	29	31	▲	(+2)
• International Trade	9	14	▲	(+5)
• International Investment	36	16	▼	(-20)
• Employment	16	16	=	
• Prices	1	1	=	
Government Efficiency	30	24	▼	(-6)
• Public Finance	35	31	▼	(-4)
• Tax Policy	9	10	▲	(+1)
• Institutional Framework	32	25	▼	(-7)
• Business Legislation	49	36	▼	(-13)
• Societal Framework	39	35	▼	(-4)
Business Efficiency	29	18	▼	(-11)
• Productivity and Efficiency	32	25	▼	(-7)
• Labour Market	23	7	▼	(-16)
• Finance	33	23	▼	(-10)
• Management Practices	23	15	▼	(-8)
• Attitude and Values	30	16	▼	(-14)
Infrastructure	31	28	▼	(-3)
• Basic Infrastructure	13	14	▲	(+1)
• Technological Infrastructure	17	15	▼	(-2)
• Scientific Infrastructure	32	28	▼	(-4)
• Health and Environment	44	41	▼	(-3)
• Education	37	35	▼	(-2)

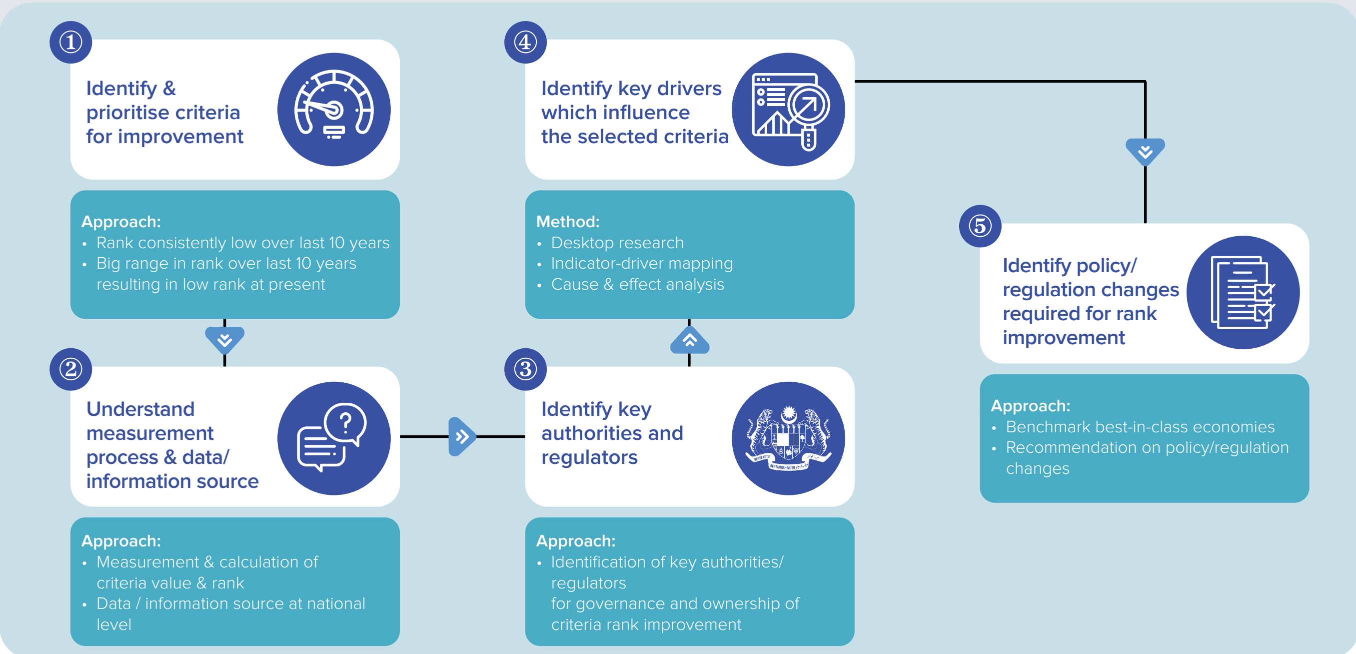
Source: World Competitiveness Yearbook 2020

Malaysia’s Initiative to Enhance Competitiveness

MPC has embarked on a project to enhance Malaysia’s competitiveness in the world ranking. The project involves identifying the determinants and drivers of the various indicators where Malaysia is lagging in ranking as reported in the WCY 2020. It consists of two (2) stages. The first stage involves five (5) main steps (Exhibit 4.11). A total of 65 indicators which registered consistent unfavourable performance for the past 10 years were analysed in Stage 1. Recommendations were identified to improve competitiveness of each indicator analysed. At the end of Stage 1, two (2) indicators namely Rule of Law and Railroads have been identified as priorities to be addressed at the soonest. Engagements with respective stakeholders were made to deliberate relevant issues and obtain feedback on the recommendations. On the other hand, the Stage 2 requires a longer duration as it involves on-going commitment from respective stakeholders (Exhibit 4.12). The process involves identifying and prioritising areas of improvement, developing implementation plan, and monitoring and reporting progress. It is expected to be completed by the end of 2021.

EXHIBIT 4.11

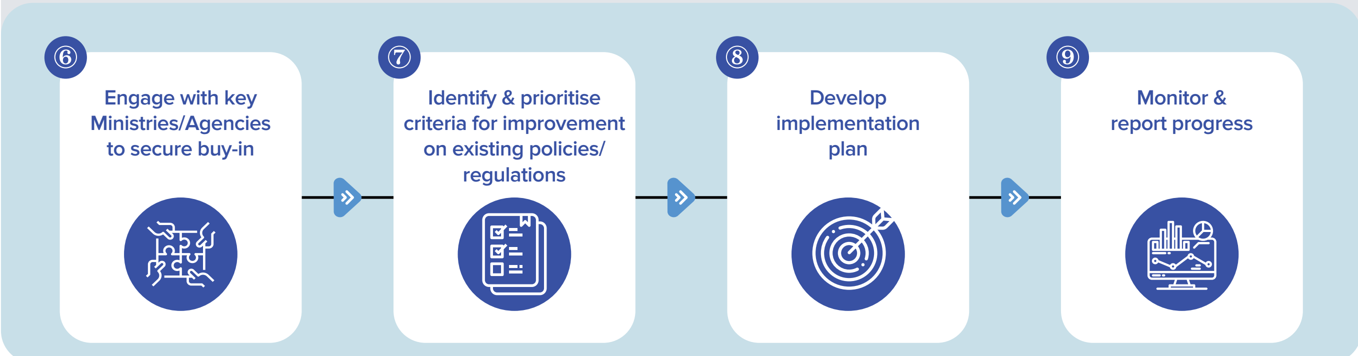
STEPS IN STAGE 1 – IMPROVING MALAYSIA’S COMPETITIVENESS RANKING



Source: Malaysia Productivity Corporation (MPC)

EXHIBIT 4.12

PROPOSED TACTICAL APPROACH – STAGE 2 ONWARDS (SEPTEMBER 2020-MARCH 2021)



Source: Malaysia Productivity Corporation (MPC)

Another major reference for countries' competitiveness is the Global Competitiveness Report (GCR) 2020. Due to unprecedented and challenging situation in 2020 due to the COVID-19 global pandemic, the long-standing Global Competitiveness Index (GCI) rankings were paused in 2020, instead a GCR 2020 Special Edition was published. The Special Edition is dedicated to elaborating the priorities for recovery and revival and considering the building blocks for transformation towards new economic systems that combine "productivity", "people" and "planet" targets. It provides recommendations and timeframes grouped into four (4) broad areas of action: reviving and transforming the enabling environment; reviving and transforming human capital; reviving and transforming markets; and reviving and transforming the innovation ecosystem. These were converted into 11 priorities to assess the readiness of a country for transformation.

Following the recommendations put forward in the 2019 GCR, the Government carried out two (2) projects as deep dive initiatives to boost national competitiveness. The first project aims to improve education attainment among the Malaysian population, and the second project to increase national gross expenditure for R&D to enhance innovation level. In the effort to create a sustainable R&D ecosystem, it is very important to empower business enterprises to spend more on R&D and slowly move away from dependency of Government funding. Issues and recommendations to improve R&D expenditure were identified under this deep-dive initiative. Another initiative to improve R&D expenditure value for Malaysia was the formation of the competitiveness index monitoring committee on Science, Technology, and Innovation (STI) under the Ministry of Science, Technology and Innovation (MOSTI), relating to Malaysia's performance in the Global Innovation Index (GII) report. MPC has been entrusted to lead the Technical Working Group (TWG) on Institution that focuses on creating an R&D ecosystem that supports innovation development in Malaysia.

PERFORMANCE IN DOING BUSINESS

Subnational Doing Business in Malaysia 2020

The annual Doing Business Study (Doing Business) measures the business regulatory environment for small and medium-size domestic firms in 190 economies globally. It assesses whether an economy has good rules and processes to yield positive outcomes for entrepreneurs and increase economic activity. Recognising that Governments play a vital role in bolstering private sector development, Doing Business promotes smart regulation. The key premise is simple: clear laws and regulations afford entrepreneurs the confidence and the opportunities to invest. Rules should be efficient, transparent, accessible and enforceable.

The city of Kuala Lumpur represented Malaysia in the annual study as it is arguably the largest business hub in the country. MPC in collaboration with the World Bank, embarked on a study that goes beyond the Doing Business scope. Named "Doing Business in Malaysia", in which the main objective of the study is to provide a broader understanding of the business regulatory environment across Malaysia – beyond the city of Kuala Lumpur and to highlight examples of good practice that can be propelled to high-level national policy making for further deliberations.

The Report of Doing Business in Malaysia 2020 was completed in April 2020. It benchmarked the cities of George Town (Penang), Johor Bahru (Johor), Kota Kinabalu (Sabah), Kuala Lumpur, Kuantan (Pahang) and Kuching (Sarawak) in the areas concerning application for construction permits and the registration of property. It also benchmarked four (4) Malaysian major seaports — Johor Port, Kuantan Port, Penang Port and Port Klang (Kuala Lumpur) — in the area of cross-border trading. The cities and ports, as well as their indicators, were selected in collaboration with the Government of Malaysia to ensure even geographic representation and indicator variation at the local level.

The report highlighted areas of obstacles and opportunities for improvement based on local and international good practices. Cross-cutting issues emerged that require commitment from local and national policy makers. These include the need for: (i) increased coordination among agencies, (ii) a consistent enforcement of the laws and requirements, and (iii) greater focus on secondary cities when implementing reform initiatives. It also suggests that the country's level of digitalisation process could be improved significantly.

Moving forward, several initiatives has been introduced by MPC through the Special Taskforce to Facilitate Business (PEMUDAH) TWG based on the recommendation by the World Bank. These include: (i) establishing a regional PEMUDAH office in the state of Pahang, (ii) hosting a Focus Group Discussion on improving the Penang Port, (iii) introducing an improvement programme on dealing with construction permits in Penang, and (iv) replicating e-Tanah system at state's land offices, among others. Findings of the study:

i. Dealing with Construction Permits

It is easiest to deal with construction permits in Kuala Lumpur, where it takes only nine (9) procedures, 53 days, and costs 1.3% of the warehouse value (Exhibit 4.13). This is 10 procedures less than in any other states in Malaysia, and is at par with Singapore, mainly due to the city's implementation of a One Stop Centre (OSC). In terms of the time it takes to start a business, Kuala Lumpur is about two (2) months faster than the second-fastest city, Kuantan, and is the fifth-fastest city in the world. The cost is 77% less than the average for Malaysia. Kuala Lumpur is the only city in Malaysia that has a fully functional OSC that facilitates the issuance for all legally required permits, clearances, and approvals. The OSC not only distributes applications to the relevant technical departments, but it also monitors the progress of the review process and enforces time limits to avoid unnecessary delays. The OSC has significantly improved the process for issuing construction permits. It has eliminated redundant procedures and facilitated the clearances of several authorities on the builder's behalf.

EXHIBIT 4.13

DOING BUSINESS IN MALAYSIA – DEALING WITH CONSTRUCTION PERMITS

City (State)	Rank	Score (0 – 100)	Procedures (number)	Time (days)	Cost (% of warehouse Value)	Building quality control index (0 – 15)
Kuala Lumpur	1	89.0	9	53	1.3	13
Kuantan (Pahang)	2	73.0	20	118	1.6	13
Johor Bahru (Johor)	3	72.2	19	136	2.0	13
George Town (Penang)	4	66.1	21	141	5.0	13
Kota Kinabalu (Sabah)	5	63.3	22	212	2.3	13
Kuching (Sarawak)	6	61.7	23	231	1.7	13

Source: Doing Business Database

Note: Ranking are based on the average score for procedures, time and cost associated with dealing with construction permits, as well as for the building quality control index. The score is normalised to range from 0 to 100 (the higher the score, the better). Data for Kuala Lumpur were revised since the publication of Doing Business 2020. For more details, see the chapter about Doing Business and Doing Business in Malaysia 2020. The complete data set is available on the Doing Business website at http://www.doingbusiness.org.

ii. Registering Property

Kuala Lumpur stands out for having the most streamlined and expedient process in registering property. Transferring a property title between two (2) local companies in Kuala Lumpur takes 16.5 days, more than 10 days faster than in Hong Kong Special Administrative Region (SAR), the PRC (27.5 days) (Exhibit 4.14). Kuala Lumpur has the fewest steps due to the city's integrated electronic land administrative system known as *e-Tanah*. This online single window system, introduced in December 2017, allows users to retrieve information from the Land Office, company registry and insolvency department with a single search.

EXHIBIT 4.14

DOING BUSINESS IN MALAYSIA – REGISTERING PROPERTY IN MALAYSIA

City (State)	Rank	Score (0-100)	Procedures (number)	Time (days)	Cost (% of warehouse Value)	Quality of land administration Index (0-30)
Kuala Lumpur	1	78.0	6	16.5	4.1	26.5
Kuantan (Pahang)	2	72.4	8	25	4.3	26.5
Johor Bahru (Johor)	3	71.1	8	32	4.4	26
George Town (Penang)	4	70.4	8	39	4.3	26
Kota Kinabalu (Sabah)	5	62.3	8	99	3.9	24
Kuching (Sarawak)	6	47.5	10	304.5	4.2	28

Source: Doing Business Database

Note: Ranking are based on the average score for procedures, time and cost associated with dealing with construction permits, as well as for the building quality control index. The score is normalised to range from 0 to 100 (the higher the score, the better). Data for Kuala Lumpur were revised since the publication of Doing Business 2020. For more details, see the chapter about Doing Business and Doing Business in Malaysia 2020. The complete data set is available on the Doing Business website at http://www.doingbusiness.org.

REGULATORY REFORMS

Improving Transparency in the Issuance of Business Licenses and Permits: An Initiative under the National Anti-Corruption Plan 2019-2023

The Special Cabinet Committee on Anti-Corruption (JKKMAR) Meeting Series 2/2020 chaired by the Prime Minister on 25 June 2020, mandated MPC to facilitate the process in ensuring Ministries and Government Agencies responsible for issuing licenses and permits to publish guidelines online for general information. The implementation of the initiative creates a more transparent mechanism in the process of issuing licenses and permits; improves the integrity of the public service delivery; and prevents corruption and misconduct. This move is in alignment with the strategic thrust and national level initiative under the MPB, in building a robust ecosystem to enhance effectiveness, adaptability, and accountability in the governance system towards increasing business productivity. It facilitates a healthy and competitive business environment.

MPC has been working very closely with the National Centre for Governance, Integrity and Anti-Corruption (GIACC), Federal and State Governments, as well as the local authorities in executing its mandate. The published guidelines include all regulatory instruments comprising the issuance of licenses and permits, registration, notification, and inspection.

At the initial stage, MPC identified the licensing instruments and relevant Ministries as well as Government Agencies responsible for issuing licenses and permits. Conducted at the Federal Government level from July to December 2020, the initiative comprised of the following activities, review existing status of licensing guidelines, develop and/or improve guidelines, gather feedback via public consultation, and publish guidelines in website/portal.

At the Federal Government level, 570 types of licenses and permits issued by 22 Ministries and Government Agencies were identified. Guidelines were published for 427 types of licenses and permits, 388 of which are available online. The study found that 123 of the guidelines that are available needed improvement in terms of quality. Meanwhile, no guidelines have been issued with regard to the application for 143 types of licenses and permits. Upon the completion of the initiative, the guidelines for applying 542 types of licenses and permits are now available online, while another 28 are awaiting approval for some amendments in regulations before they can be published online. The initiative has positively impacted more than 60% of the license and permit issuance process at the Federal Government level. This year, the exercise will be extended to the State and Local Government level.

Regulatory Impact Analysis at the Federal Government Level

The National Policy on the Development and Implementation of Regulations (NPDIR) specified it is a must for all federal regulators to conduct a Regulatory Impact Analysis (RIA) when formulating new regulations or amending existing regulations. In this regard, MPC plays an important role in providing advisory and advocacy for the high-quality RIA in the end.

RIA is the process of assessing the likely impact of a proposed regulation, and a range of alternative options which could meet the Government's policy objectives. Exhibit 4.15 shows the statistics of RIA implementation at the federal level. Between 2018 and 2020, 254 Regulatory Notifications (RN) were received, of which 24 were exempted from the RIA.

EXHIBIT 4.15

REGULATORY IMPACT ANALYSIS IMPLEMENTATION AT FEDERAL LEVEL

No.	Activity	2018	2019	2020	Total
1.	RN received and reviewed	75	98	81	**254**
2.	Regulatory Impact Statement (RIS) received and assessed	29	31	39	**99**
3.	Exemption (RIA is not required)	8	13	3	**24**

Source: Malaysia Productivity Corporation (MPC)

Good Regulatory Practice at the State and Local Government Level

Under the 11MP, MPC has been tasked to expand the adoption of the NPDIR to the State and Local Governments. This initiative is to accelerate comprehensive and inclusive regulatory reform in Malaysia and ensure that new and existing regulations, including their administration and enforcement, are aligned with Good Regulatory Practices (GRP). The rule-making processes at the state level has, through the passage of time, evolved without proper guidelines for their documentation. This has resulted in gaps and inconsistencies in the rule-making processes. Expanding the implementation of GRP to State Governments and local authorities will help regulators to provide better regulations which greater coherence, consistency, accountability, and transparency to the rule making process. The implementation plan to introduce GRP at the state level is shown in Exhibit 4.16.

EXHIBIT 4.16

GOOD REGULATORY PRACTICE IMPLEMENTATION AT THE STATE LEVEL

1. State Government Approval
2. Preliminary Study/GRP Seminar
3. Establishment of the state GRP Committee
4. Regulatory Mapping
5. RIA Capability Building
6. Appointment of Regulatory Coordinator (RC)
7. State Policy Development
8. State Administration Directive on GPR
9. Launching of State Policy & State Adminstration Instruction
10. Pilot Project
11. Capacity Building of RIA/RIS Assesor
12. Assessment and Monitoring

Source: Malaysia Productivity Corporation (MPC)

The achievements that have been made in implementing the GRP at the state level (2016-2020) include:

13 recommendation reports
which included regulatory mapping, gap analysis and proposal to implement GRP at the state level which have been completed

3 states namely Sarawak, Kelantan and Negeri Sembilan
have established GRP State Policy

37 RIA pilot projects
have been conducted

More than 1,000 State Government and local authority officials
have attended GRP capacity building programmes

Agile Regulations to Facilitate Innovation and Boost Malaysia's Productivity and Competitiveness

An agile approach to regulation is needed to maximise the potential of emerging technologies. Regulators need to design regulatory and non-regulatory frameworks that are in keeping with technological innovation, ensure an open and non-discriminatory, predictable business environment, protect consumers and workers, and tackle the potential unintended consequences of disruption.

The COVID-19 pandemic has reinforced the need for speed, and across the globe, Governments have been forced to fast-track changes to regulations to enable innovations from telemedicine to drone delivery to help their economies adapt to disruption. The "regulate-and-forget" era is long gone. To grasp the opportunities and mitigate the risks from innovation and disruption, Governments need to adopt an "adapt-and-learn" approach instead.

Agile regulations can enhance transparency and consistency. They help standardise regulatory processes, deliver sound interpretations of ambiguous regulations, and eliminate unnecessary regulatory burden on businesses, thereby reducing the cost of doing business which is crucial in attracting investors. Previously in Malaysia, private hospital buildings cannot exceed 12 storeys high. But after considering best practices in disaster management in Hong Kong SAR, Singapore and Indonesia, regulators now allow investors to build private hospitals exceeding 12 storeys high if they provide a disaster management and emergency evacuation plan. This shows that in light of advancement in technology, local authorities need to constantly review their regulations to be agile so as to reduce the cost of doing business without compromising safety and health issues.

Moving forward, in order to have agility in regulations, authorities and policy makers need to enhance their data collection capability. They must have the capacity to process enormous amounts of data to make better policies and regulations that are designed to meet today's digital economy environment.

Standardisation and Accreditation

Standardisation

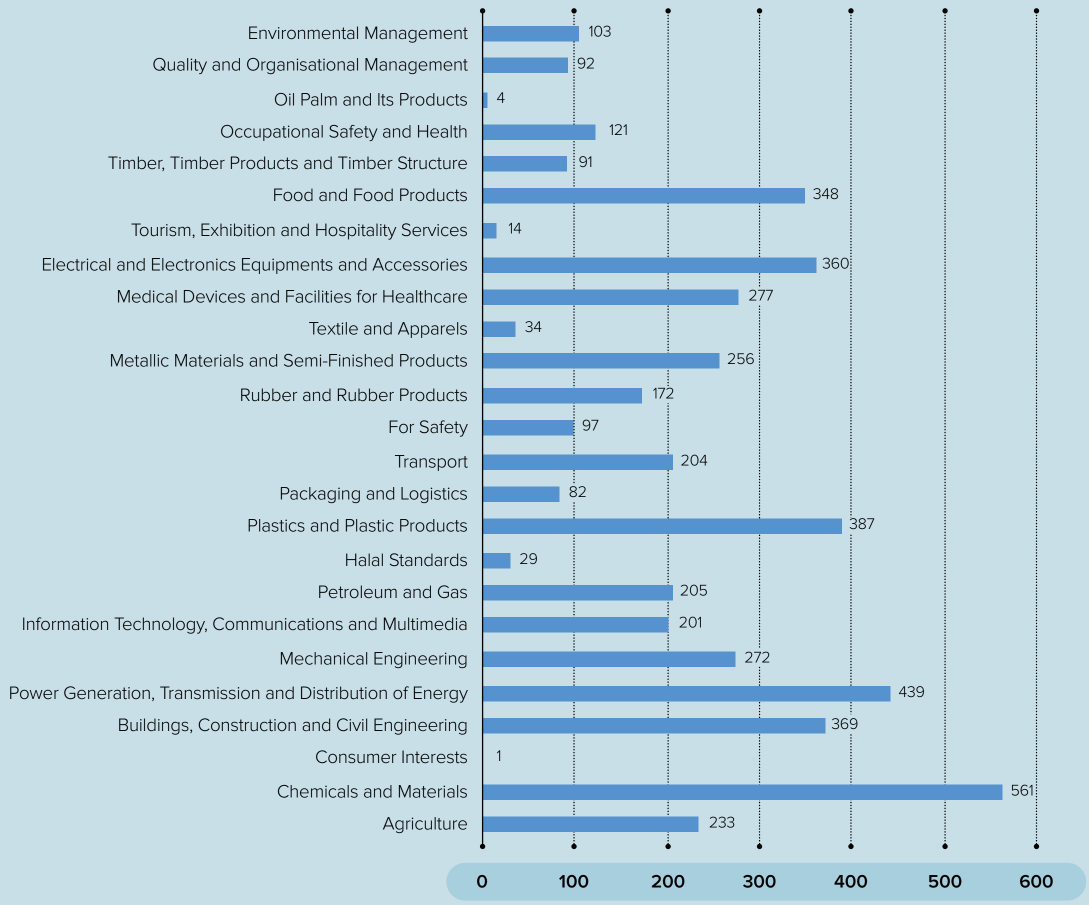
As of 2020, The Department of Standards Malaysia (Standards Malaysia) has developed 4,952 Malaysian Standards (MS), of which 42.89% are identical with international standards. The adoption of international standards is one of the many advantages in being a full member of the International Organisation for Standardisation (ISO), and International Electrotechnical Commission (IEC). As a full member body of the ISO and IEC, Standards Malaysia can participate in the development of international standards, adopt and sell ISO and IEC standards to industry players in the country. The cumulative number of MS developed according to fields of industry as of December 2020 is illustrated in Exhibit 4.17, and a total of 43 new MS were developed in 2020 (Exhibit 4.18).

Lawrence D'Eicher Award 2020

Malaysia through the ISO/TC 45 Technical Committee – Rubber and rubber products received the Lawrence D'Eicher Award (LDE Award) 2020 in recognition of the management excellence of the technical committee at the ISO level. ISO/TC 45 was selected as the recipient of the award based on the excellent performance and commitment shown throughout 2019 in managing the development of ISO standards related to rubber and rubber products. The award is one of the notable achievements for Standards Malaysia at the international level.

EXHIBIT 4.17

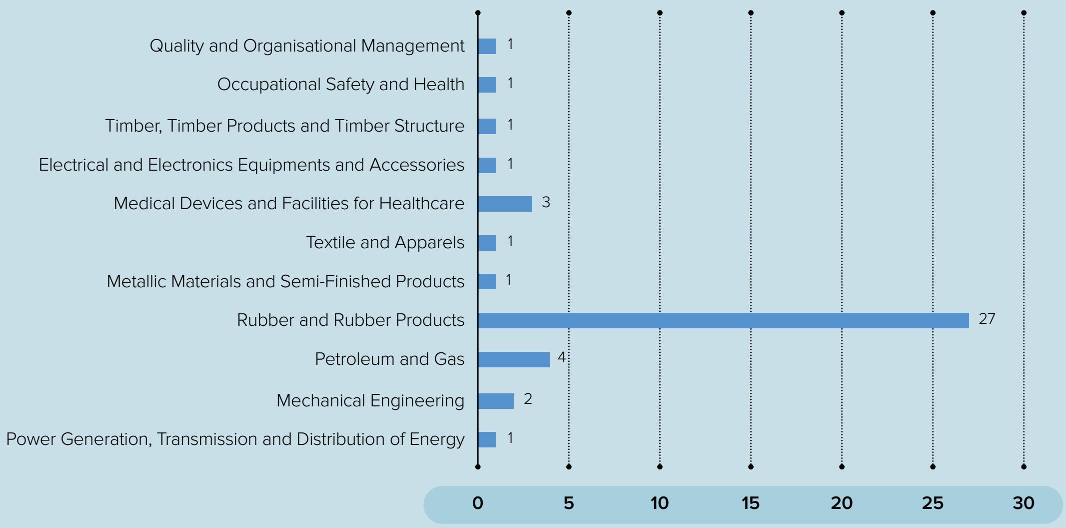
NUMBER OF MS DEVELOPED AS OF 31 DECEMBER 2020



Source: Department of Standards Malaysia (DSM)

EXHIBIT 4.18

NUMBER OF NEW MS DEVELOPED IN 2020



Source: Department of Standards Malaysia (DSM)

Standards Compliance Stewardship Programme for Enterprises: Enhancing Industry Competitiveness

The Standards Compliance Stewardship Programme for Enterprises (ESCAPE) was launched on 3 September 2020, with the tagline "From Awareness to Compliance", to help industries improve the competitiveness, quality and marketability of their products and services through compliance with standards and good practices. In line with the Government's policy to ensure road safety in Malaysia is at par with the other developing and developed countries, MS ISO 39001: 2013 – Road Safety Management Systems (RTSMS) has been identified as the first standard promoted under ESCAPE. Compliance with this standard can help prevent avoidable injuries, the risk of death and serious injury related to road traffic crashes by applying systematic methods and evidence-based interventions. As a kick off, two (2) ESCAPE_RTSMS awareness seminar sessions were held in collaboration with the Malaysian Road Safety Research Institute (MIROS) and the Social Security Organisation (SOCSO) on 3 September 2020 in Putrajaya and on 8 September 2020 in Penang. From the awareness programme, 10 potential organisations were selected to undergo the compliance phase by attending the Interpretation and Implementation Workshop held virtually from 12 to 13 November 2020.

Free Access to Malaysian Standard related to COVID-19

In response to the COVID-19 pandemic, Standards Malaysia has provided free viewing of MS related to COVID-19 pandemic management on its website. These standards are selected based on Malaysia's situation, and benchmarking against other national standard bodies from all over the world, including ISO and IEC. The international standards communities unanimously agreed to provide support to stakeholders in combatting the current challenges posed by the pandemic. Given free access to their web sites, stakeholders will be able to make quick reference to formulate relevant SOPs, implement best practices, and adopt proactive measures to mitigate the risks and manage the effects of the COVID-19 pandemic. There are 31 MS in seven (7) categories to which access have been made freely available. This list includes MS on sterilisation, laboratory and medical device, cleaning performance, medical glove, face mask, ventilators, and food hygiene.

Development of Malaysian Standard Related to COVID-19 – Face Mask and Cleaning Services

Standards Malaysia had taken the initiative to develop an MS related to Medical Face Masks. Due to the urgent need for face masks due to COVID-19, the MS has been developed through a fast-track method known as MS (P). This is in line with Section 15, Standards Malaysia Act 1996 (Act 549) which allows the Senior Minister of International Trade and Industry to approve the MS (P), especially in urgent cases, in the interest of the state. As a result, an MS (P) on face masks, namely the MS EN 14683 (P) – Medical face masks – requirements and test methods (EN 14683: 2019, IDT) was developed and approved by the Senior Minister of International Trade and Industry on 17 December 2020. In collaboration with the Engineering Services Division, Ministry of Health (MOH), Standards Malaysia is also developing good healthcare waste management services for healthcare facilities and good cleansing services for healthcare facilities code of practices to ensure that the safety and health of employees, patients, hospital visitors, and other health facilities are maintained at a satisfactory level to reduce the transmission of the COVID-19. Both MS are expected to be launched in early 2022.

Accreditation

Optimising Accreditation Services to Assist the Conformity Assessment Bodies Impacted by COVID-19

The outbreak of the COVID-19 pandemic has caused an immediate and severe impact on local businesses including conformity assessment bodies (laboratories, certification bodies and inspection bodies). As a result of the considerable impact on businesses, Standards Malaysia strives to resolve and ensure the continuity of accreditation services provided to the public. Some of these initiatives are:

1. **Exemption of annual accreditation fee**
   This involves 917 conformity assessment organisations or bodies, consisting of laboratories, certification bodies, inspection bodies and proficiency testing provider. The annual accreditation fee exempted is estimated at RM1,100,000.00.

2. **Extension of the accreditation validity period for three (3) months**
   for conformity assessment bodies scheduled to expire between 1 March to 30 September 2020

3. **The periodic assessments scheduled for 2020 has been postponed**
   and this involved 605 assessments

A total of 238 assessments were conducted remotely, and a total of 57 online evaluation panel meetings were conducted using various applications.

Asia Pacific Accreditation Cooperation Peer Evaluation

The Asia Pacific Accreditation Cooperation (APAC) Peer Evaluation was conducted remotely on 5 to 9 October 2020 to evaluate Standards Malaysia's accreditation schemes against the international standard ISO/IEC 17011 and other requirements. This is a mandatory requirement for APAC member. The evaluation team consisted of 12 APAC member countries. Standards Malaysia is among one of the first Accreditation Bodies to be evaluated remotely using an online meeting platform during the COVID-19 pandemic. The second phase of the peer evaluation process which is the witnessing of the assessment conducted by Standards Malaysia, was arranged remotely between January and April 2021. The evaluation is essential in order for Accreditation Bodies Mutual Recognition Arrangements (MRAs) status to be maintained. It will lead to Standards Malaysia's accredited conformity assessment services globally being accepted. As at December 2020, Standards Malaysia had accredited a total of 955 conformity assessment bodies.

Government to Government Mutual Recognition Agreements/Arrangements

Other MRAs/Arrangements are Government-to-Government trade facilitating measures aimed at a global approach to conformity assessment. These Government-to-Government agreements can be multi-sector (covering more than one group of products), or multi-lateral (provides a framework for all member economies/countries to follow). In each of the agreements, participating countries agree to accept the test results and/or product approvals performed by the Conformity Assessment Bodies (CABs) of the member country. This involved regulatory functions where compliances are mandatory.

Likewise, the primary objective of these MRAs is to ease the burden on manufacturers and reduce the cost and time to market products by implementing transparent conformity assessment processes. It also ensures that products that reach the market are compliant with applicable regulations in the importing countries and vice versa. These MRAs addresses the issue of acceptance of conformity assessment results to comply with regulatory requirements. Under these MRAs for conformity assessment, Malaysia is a signatory to a number of MRAs at regional and bilateral levels, as follows:

i. Five (5) ASEAN MRAs:
   - ASEAN Sectoral MRA for E&E Equipment;
   - ASEAN MRA for Good Manufacturing Practice (GMP) Inspection of Manufacturers of Medicinal Products Inspection;
   - ASEAN MRA on Bio-Equivalence Study Report (Pharmaceuticals);
   - ASEAN MRA for Inspection and Certification System on Food Hygiene for Prepared Foodstuff Product; and
   - ASEAN MRA on Automotive Products MRA between MCMC and US Federal Communications Commission (US FCC), under the APEC Tel MRA.

ii. Standards Malaysia as a listed Accreditation Body by US Environmental Protection Agency (US EPA) Toxic Substances Control Act (TSCA) Title VI.

Standards and Conformance for Digital Economy

Four (4) series of webinars on Information Security Management Systems (ISMS) were held from 19 to 22 October 2020. A total of 112 representatives from Government Agencies and industries attended these sessions. Training to Standards Malaysia officers and assessors on ISO/IEC 27007:2020 Information security, cybersecurity, and privacy protection; Guidelines for information security management systems auditing and ISO/IEC TS 27008:2019 Information technology, Security techniques, and Guidelines for the assessment of information security controls was held on 27 and 28 August 2020. Two (2) Certification Bodies (CBs) have been accredited for ISMS and under these CBs, 240 companies have been certified for ISMS.

Standards Malaysia has been appointed as the chairman for the taskforce to prepare guidelines on the criteria for Cloud Solution Provider (CSP)/Related to Cloud Service Provider (RSP) to provide cloud-related services for the Government. Standards Malaysia in collaboration with MDEC have organised training on ISO/IEC 27017 Information Technology — Security Techniques — Code of Practice for Information Security Controls Based on ISO/IEC 27002 for Cloud Services and ISO/IEC 27018 Information Technology — Security Techniques — Code of Practice for Protection of Personally Identifiable Information (PII) in Public Clouds Acting as PII Processors on 9 and 10 December 2020.

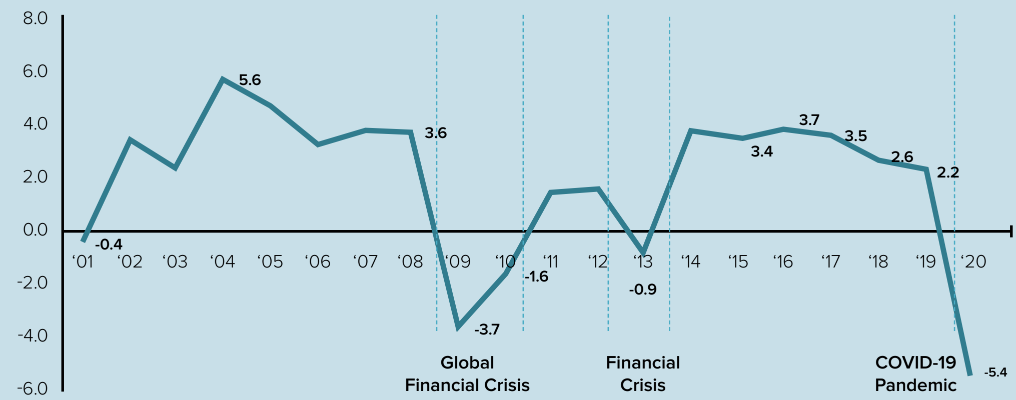
Issues and Challenges

National Productivity Performance

The pandemic has tremendously affected Malaysia's productivity growth. While the country showed recovery in the second half of 2020, unfortunately the revival was unable to cushion the overall contraction for the whole year. Malaysia's labour productivity recorded a negative growth of 5.4% to RM88,899 per person employed in 2020. The contraction was the first since the 2009 global financial crisis and the lowest in nearly 10 years (Exhibit 4.19).

EXHIBIT 4.19

MALAYSIA'S PRODUCTIVITY GROWTH (2001-2020)

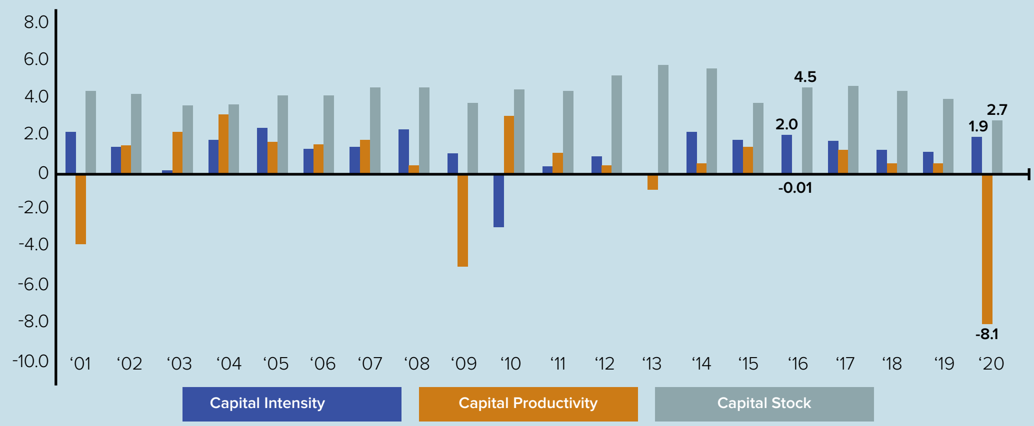


Source: Malaysia Productivity Corporation (MPC) Calculation and Various Productivity Report, Department of Statistics, Malaysia (DOSM)

The performance in labour productivity is driven by two (2) factors, namely capital intensity, and Multifactor Productivity (MFP). Estimated by the productive capital to labour ratio, Malaysia's capital intensity in 2020 was recorded at 1.9% (Exhibit 4.20). The positive performance was largely contributed by the growth in the country's capital stock, where Malaysia managed to sustain its performance despite unprecedented challenges posed by the pandemic and investors in general becoming more cautious in investment destination.

EXHIBIT 4.20

CAPITAL INTENSITY, CAPITAL PRODUCTIVITY AND CAPITAL STOCK (2001-2020)



Note: Capital Productivity and Capital Intensity was computed by Malaysia Productivity Corporation (MPC)
Source: Department of Statistics, Malaysia (DOSM)

The MFP is a measure of efficiency in the utilisation of inputs. Malaysia's MFP performance recorded a contraction of 7.3% in 2020. The performance in 2020 has pulled down the average performance in five (5) years from 2016-2020 to be at 0.4%. To enhance MFP, Malaysia needs to increase the utilisation of its productive assets and increase the quality of its workforce. In the period of 2016-2020, non-ICT capital grew faster than ICT capital, and quantity of labour grew faster than quality of labour. Innovation, technology adoption, and entrepreneurship must be increased to optimise MFP.

Productivity Performance of the Main Economic Sectors

The productivity performance of the main economic sectors is another major contributor to the national labour productivity. In 2020, five (5) main economic sectors, i.e. agriculture, mining and quarrying, manufacturing, construction, and services registered contraction. The construction sector recorded the biggest decline of 15.7%, being one of the factors which dragged the overall national productivity performance (Exhibit 4.21). The sector's 19.4% contraction in its added value was due to the effect of the restriction in activities during the MCO and rescheduled business operations because of workers being quarantined.

EXHIBIT 4.21

LABOUR PRODUCTIVITY GROWTH OF MAIN ECONOMIC SECTOR (2019-2020)

Sector	2019 (%)	2020 (%)
Agriculture	0.4	-1.8
Mining and Quarrying	-1.6	-7.9
Manufacturing	1.7	-2.6
Construction	3.3	-15.7
Services	2.9	-6.0

Source: Department of Statistics, Malaysia (DOSM)

The manufacturing sector registered negative productivity growth by 2.6% in 2020. However, the sector indicated recovery in the third quarter of 3.7% and fourth quarter of 3.2%. The positive growth was contributed by the global demand of semiconductor products due to increase in remote working and increased in exports of electrical and electronic medical equipment of 13.8%.

The overall performance of other main economic sectors recorded contraction, namely agriculture at 1.8%, mining and quarrying at 7.9% and services at 6.0%. The poor performance was mainly due to the restrictions in the movement of goods and people in efforts to flatten the curve on COVID-19 infections. On a positive note, the effect was not critical as majority of the businesses in these sectors were involved in the essential business activities and produced basic necessities such as food and fuel.

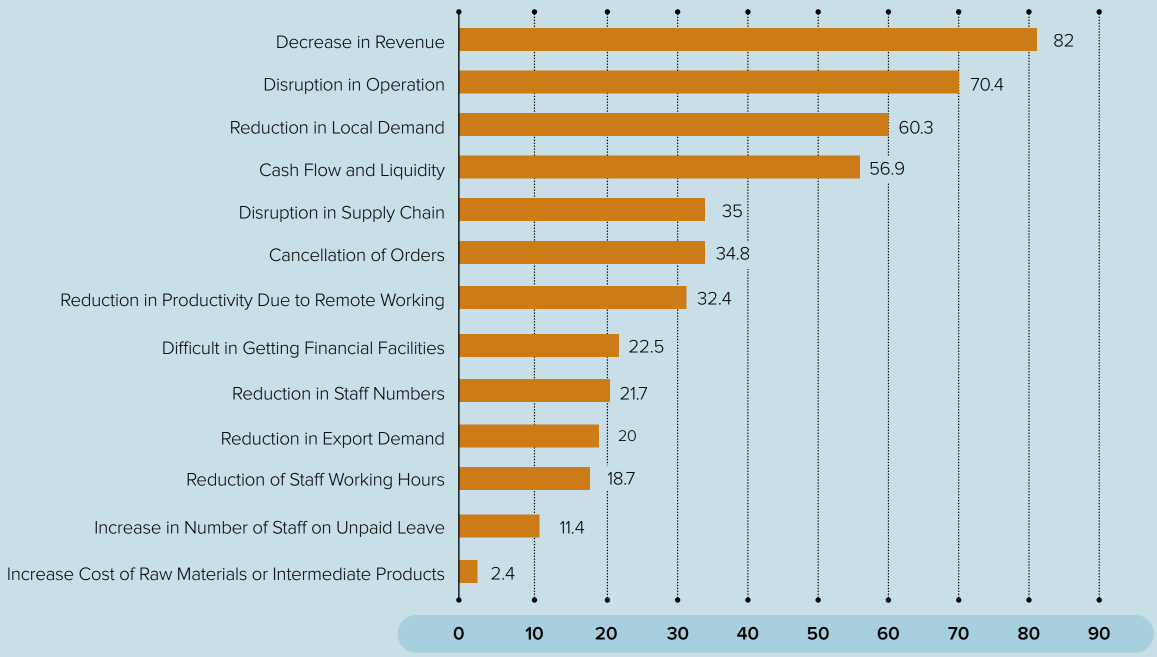
Impact on Business Environment

The COVID-19 pandemic has fundamentally changed the global economic landscape. Consequently, Malaysia's economic growth contracted by 6% in 2020 compared to a growth of 4.3% in the previous year, as reported by the World Economic Outlook Report 2020. A resurgence in positive COVID-19 cases in developing economies since September 2020 renewed calls for curfews or lockdowns and threatened to weaken or delay a sustained economic recovery into at least the first or second quarters of 2021. Based on the World Bank's Doing Business 2020 rankings, Malaysia has seen a steady improvement in its business climate. Malaysia was ranked 12th with 81.5 points amongst 190 global economies in 2020, recording an improvement from 15th position in 2019. However, the COVID-19 pandemic has drastically changed the country's economic landscape.

A survey conducted by MPC in the first quarter of 2020, revealed that the pandemic had badly affected economic activity in the country. Of the 74% of businesses that had been significantly affected by the pandemic, 46% said they will not be able to recover even six (6) months after the lockdown has been lifted. Some 82% of respondents recorded decreased revenue, 70% experienced disruptions in operations, 60% faced reduction in local demand, and 57% saw a drop in their cashflow and liquidity (Exhibit 4.22). A second survey conducted between April and July 2020 to gauge the extent of businesses disruptions in the country, revealed many businesses struggling to recover from the economic effect of the MCO. The survey covered MPC's nine (9) Productivity Nexus. Overall, 74% of the respondents said the pandemic had significantly affected their business. More than 86% of those in the healthcare, tourism, and retail and F&B sectors said their businesses had declined significantly. In terms of sector, the ICT and Digital, and Chemicals and Chemical Products Nexus registered the lowest percentage with 54% of respondents reporting a drastic decline in business. The survey also highlighted the list of recovery plans suggested by the business community. The top five (5) on this list were to: (i) reduce unnecessary expenses (41.4%); (ii) explore new areas/markets (37.3%); (iii) increase the use of digitalisation and technology (28.3%); (iv) increase product range (23.6%); and (v) reassess risks and financial plan (22.3%).

EXHIBIT 4.22

SITUATIONS OF BUSINESSES IN MALAYSIA DURING COVID-19



Source: Malaysia Productivity Corporation (MPC) (April 2020), COVID-19 Impact on Productivity-Industry Perspective

The Impact on Human Capital

The deleterious impact of the pandemic on employment has led the Government to introduce initiatives and programmes aimed to reskill and upskill the workforce. These programmes provided for the affected individuals, companies, and vulnerable groups such as school leavers, graduates, and the unemployed to acquaint themselves with a multitude of skills, competencies, and knowledge so that they remain relevant in the labour market. The training programmes were more techno-savvy, dynamic, and tailored to match the kind of skills required for job opportunities, career development, including a possible shift in profession. According to the World Economic Forum (WEF) Future of Jobs 2020 survey, the advent of Industry 4.0 technology coupled with the impact of the COVID-19 pandemic have led to a skills shortage in the fields of automation, digitisation, and artificial intelligence. Employers everywhere are looking for data analysts, data scientists, artificial intelligence experts, machine learning specialists, robotic engineers, software and application developers, and digital transformation specialists.

Slow Digital Technology Adoption During the Pandemic

The COVID-19 pandemic has amplified the importance of the digital technology to ensure continuity in socio-economic activities, lives, and livelihood. Online transactions, working from home (WFH), and learning from home (LFH) have replaced face-to-face interactions and physical contact under the new normal. Initially, the WFH take-up rate was low. Although teleworking and e-learning are not new in Malaysia, many employers were initially reluctant to adopt the WFH mode due to a lack of trust on the workforce. On the other hand, many employees were ill-prepared to work from home as they did not have the appropriate tools and more importantly, do not have a culture of WFH. But as the pandemic continued, employers realised they needed to redesign their work procedures to accommodate the role of technology and virtual connectivity to enhance efficiency and boost productivity.

Initiatives to Address Issues and Challenges

i. #MyMUDAH – A business-friendly environment to boost economic growth

The Economic Action Council (EAC) meeting chaired by the Prime Minister, Tan Sri Dato' Haji Mahiaddin Md. Yassin on 20 July 2020, mandated MPC to implement the MalaysiaMudah (#MyMudah) programme. The main objectives of this programme are to reduce the cost of doing business by doing away with redundant red tape, support job creation, and stimulate economic growth. Under the #MyMudah initiative, policy makers and regulators are encouraged to abolish, modify, waive, or even exempt unnecessary regulations imposed on businesses, including reducing the number of procedures and processing time for approving business licences and permit applications. This initiative is expected to reduce approximately RM10 billion worth of compliance costs at the Ministry and State Government level.

To this end, stakeholders are highly encouraged to submit their recommendations to MPC specifically on how the regulatory authority concerned can reduce the paperwork, streamline, or even abolish them altogether, to quick-start their business activities. They can do so online via the Unified Online Public Consultation (UPC) page at https://upc.mpc.gov.my. The submissions will be analysed and reviewed by MPC before the recommendations are forwarded to the relevant regulators for implementation. The #MyMudah programme progress are reported to PEMUDAH and EAC regularly.

In 2020, a total of 65 Virtual Roundtable Discussion Sessions were conducted with 722 participants comprising representatives of associations and company owners nationwide. As of December 2020, nearly 350 recommendations had been submitted to the UPC. Among the issues that have been resolved under #MyMudah:

- Implementing the “Silence Implies Consent” policy. Under this policy, if no feedback is received from the relevant technical utility agency 28 days after submission of the application for the Certificate of Completion and Compliance (CCC) by the Principal Submitting Person (PSP), the application is deemed to have been approved; and
- Relaxation of Regulatory Requirements for Licensed Tour Operators by the Ministry of Tourism, Arts and Culture (MOTAC). Under this initiative, tour operators are not obliged to attach their latest audited financial report in several types of applications namely license renewals, additional tourism-related activities, and to open branch offices. This leeway is applicable for submissions made between 1 January 2020 and 31 December 2021. The license validity period has also been standardised to between two (2) and three (3) years. In addition, tour operators are permitted to temporarily share office space in order to reduce operating expenditure.

ii. Knowledge Enhancement, Skills Transfer, and Reskilling and Upskilling Programmes

The MCO necessitated human capital training programmes to be conducted virtually to transfer knowledge and skills and introduce new competencies needed on account of the pandemic. In 2020, MPC conducted 333 webinars, including virtual forums and seminars for 37,922 participants from the public and private sectors. The virtual sessions were conducted by experienced speakers among others on digital marketing and promotion, technology adoption, Industry 4.0, business recovery strategies, leadership, legislation, and soft skills. The TPN structured all 18 of its online training sessions to cater for the MaTEx Business Certification Programme. Those who participated in these programmes said they had no difficulty following the lessons. Apart from enhancing the programme's outreach, going online has not only saved time, energy, and resources. It has also reduced costs by more than 50% as compared to attending physical face to face programmes.

iii Digital Initiatives During the COVID-19 Crisis

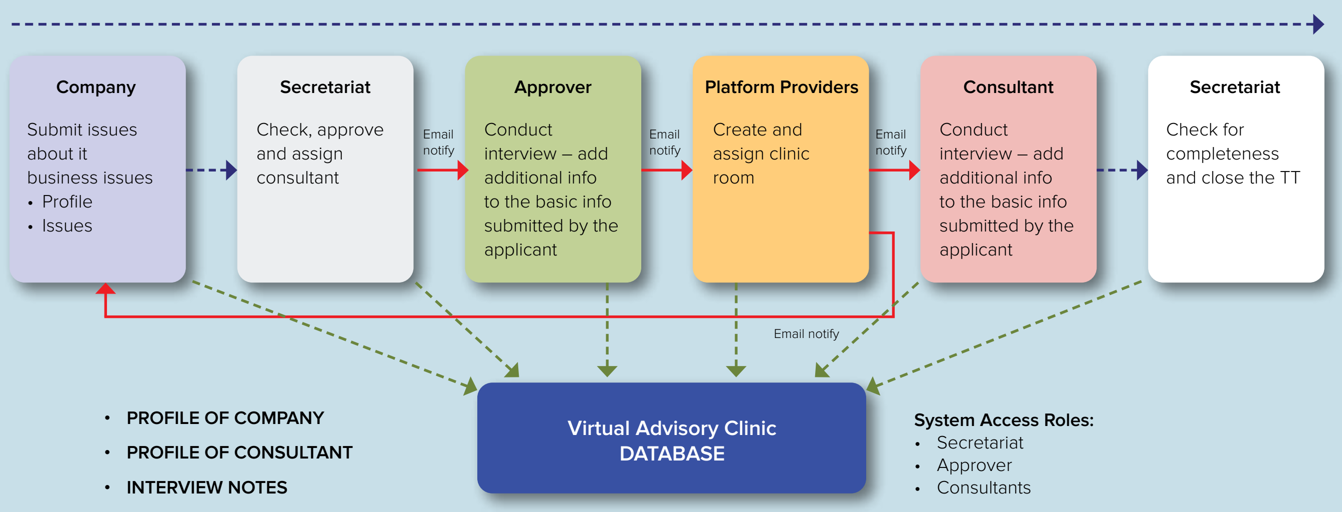
Business Virtual Advisory Clinic

MPC introduced its Business Virtual Advisory Clinic (BVAC) (Exhibit 4.23) in mid-2020 to provide to the selected companies an in-depth understanding on specific aspects related to the industry; deliberate on the issues and challenges faced by the participating companies; provide recommendations and solutions; and to support the industry's capacity and capability to restructure its operations towards making a comeback despite the pandemic.

In April to May 2020, the TPN, supported by MPC, organised a pilot BVAC tailored for the tourism industry known as Tourism Virtual Advisory Clinic (TVAC). This project consisted of one-hour one-on-one consultation and advisory sessions with selected tourism industry players affected by the MCO. A total of 15 industry experts were appointed as advisors. A total of 136 virtual advisory clinics were conducted with industry players most of whom ran the risk of incurring heavy losses should the lockdown be prolonged. Most of the participants (93%) said they were more than satisfied with the outcome of the recommendations they received. Almost all of them expressed interests in attending similar online clinics in the future. When the TVAC project concluded in July 2020, other productivity nexus namely the MEPN, CPN, and Retail and F&B Productivity Nexus (RFPN) began to hold similar online clinics for their respective sector. The BVAC is still on-going and interested companies can register for participation at MPC website.

EXHIBIT 4.23

BUSINESS VIRTUAL ADVISORY CLINIC MODEL



Source: Malaysia Productivity Corporation (MPC)

Productivity Nexus Digital Initiatives

DPN has taken the lead to promote the effective use of digital technology through its Go B.I.G with Digital initiative under the MPB. The programme focuses on enhancing productivity growth to achieve breakthrough results by enhancing integrity and empowering best practices and good values to increase productivity growth. The DPN has developed a Quadruple Helix Framework-Digital STARS Internship Framework to address the shortage in digital technology talents, and promote collaboration between industry, academia, government, and the community, to address the digital talent demand-supply mismatch. The framework aims to place digital technology interns from IHLs at selected industries and train them to be future digital talents that would fulfil the industry's needs.

Technology – Go B.I.G. with Digital and Government-Led Initiatives

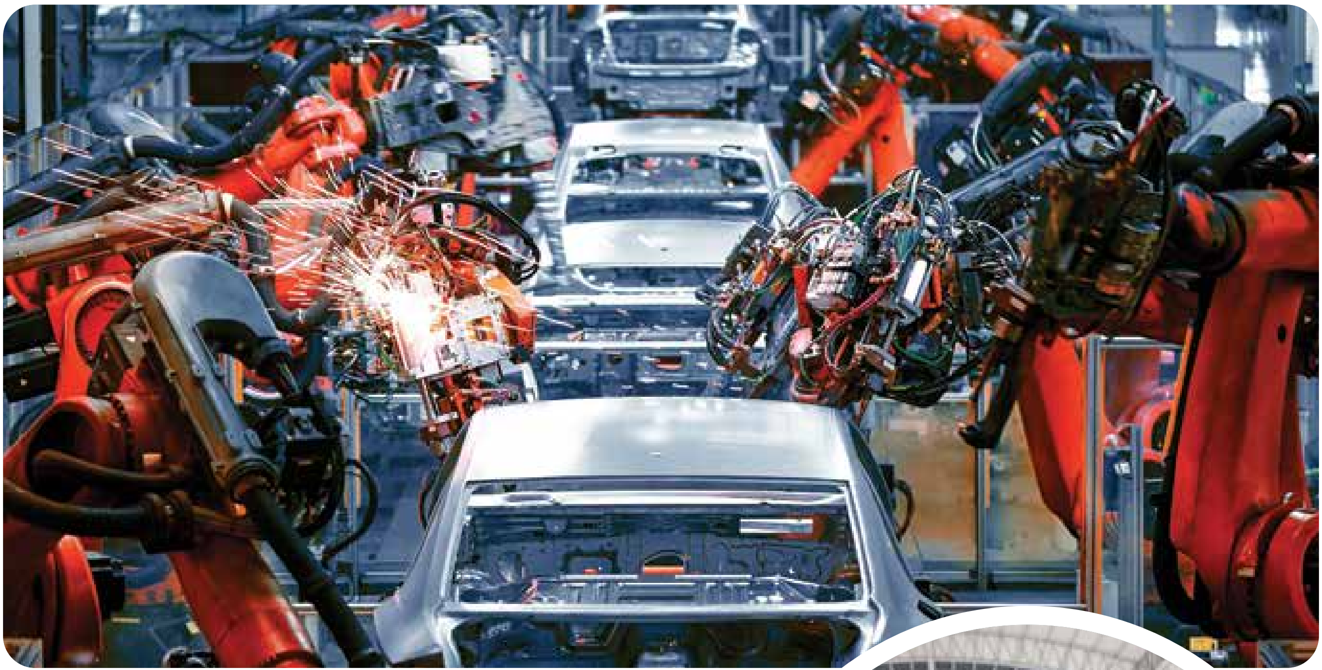
Solutions to address the issues and challenges in digital technology are needed to harness the multifaced advantages of digital technology. MPC, through its DPN, has taken the lead to promote the effective use of digital technology through the Go B.I.G. with Digital initiative under the MPB. It is recommended that the Go B.I.G. with Digital 6-P framework be adopted for 2021. Go B.I.G. with Digital, which represents Breakthrough, Integrity and Good effort, is recommended to be implemented via its 6-P framework comprising Promotion, Pilot, Proliferation, Protect, Prosper and Partnership via six (6) frameworks:

- First stage recommendation is to promote the adoption of digital technology to leaders and inculcate digital culture in their organisations.
- Second stage in Go B.I.G. with Digital is to pilot the most impactful digital project in organisations.
- Third stage involves the proliferation of the pilot initiative in the end-to-end value supply chain. The proliferation is expected to uncover and amplify the benefits of the pilot project.
- Fourth stage is protection of data and infrastructure by the relevant acts, security protocols, and effective enforcement to ensure data integrity and privacy. The implementation of this phase enhances trust in the service sector and e-commerce.
- Fifth stage is where analysis and insights should be conducted to ensure digital initiatives are able to prosper in a conducive ecosystem.
- Sixth stage is the smart and sustainable partnership where the spirit of a win-win situation should be forged between digital organisations. In this partnership, organisations with digital talents can partner with organisation with digital technology.

The EEPN has successfully organised its Plugfest 2.0, to promote the use of AI-based machine vision system among industry players. The six (6) and a half-day workshop taught participants images capturing techniques, images detection and labelling systems, machine learning, and model algorithms using the starter kit they were provided with Plugfest 2.0 aims to educate and empower participants to use the machine vision system in their work. Upon completion of the programme, they will be able to use the AI machine vision technology to enhance their productivity.

MEPN collaborated with the Malaysia Automation Technology Association (MATA) and the Malaysia Industry 4.0 System Integrator Association (MISI4.0), to offer a digitisation programme called PRODUCTIVITY1010 to help participating industry players kick-start their digitisation journey. In addition to a virtual mentoring session conducted by 20 qualified industry experts, the programme also provides participants with a digitisation self-diagnostic tool.

TPN introduced its Malaysia Virtual Experience (MyVXp) programme in July 2020. MyVXp is an online mentoring session conducted by 14 industry experts tasked to assist local tourism industry players whose income have been affected by the MCO, to reinvent their business and gain some revenue. Over the next six (6) months, 800 travel agents, tourist guides, tourism product owners and operators, and homestay hosts were trained on how to conduct research on their target market, repackage their products and services accordingly, and remodel their marketing and promotion efforts, all of which were carried out online.



AUTOMOTIVE AND ROBOTICS SECTOR

The Malaysia Automotive Robotics and IoT Institute (MARii) is an agency that was established to spur the development and utilisation of smart platforms, applications, and digital technologies such as Big Data Analytics and AI, including enhancing technology, human capital, supply chain, market outreach, and aftersales capabilities in the automotive industry and connected mobility ecosystem. In general, MARii is also involved with existing digitalisation-related policies that affect businesses including the Industry4WRD: National Policy, NeSR (2016-2020), Services Sector Blueprint (2015-2020), MPB, National Digitalisation Hub, Centre of Excellence for Future Industries and National Automotive Policy 2020 (NAP 2020), including the Government's policy responses to COVID-19.

As with the other sectors, the automotive and robotics industry also faced various issues and challenges during the current year. Chief among them were:

i. Increasing need to enhance competitiveness in the manufacturing sector.
ii. Expensive annual software maintenance cost.
iii. High infrastructure cost and new human capital development (HCD) cost.
iv. Perception of the industry towards digitalisation and many business owners are not fully conversant of the benefits of digitalisation.

To enhance digitalisation within the business community, MARii has carried out various programmes. These include:

i. Technopreneur Development Programme (TDP) to provide SMEs with the requisite knowledge and digital tools to enhance their business operations.
ii. MARii Mobility-as-a-Service (MaaS) Scale Up Programme to facilitate the adoption of MaaS related technologies and services in the domestic mobility industry to enhance the e-commerce ecosystem for mobility.
iii. MARii Automotive Digital Marketing Training to enhance the marketing capability and competency of automotive entrepreneurs.
iv. MARii Intelligent Technology Platform (MITP), a one-stop solution for both small and large companies, in managing and controlling their operations using Industry 4.0 technologies, particularly through Big Data Management (BDM).

v. Autonomous Robot/System Integration (SI). MARii and its partner Talent Synergy successfully developed a new Automated Guided Vehicle (AGV) with cobot installation.
vi. Augmented Reality (AR) which improves productivity across the entire automotive value chain from research and design development, to manufacturing, sales and marketing and after sales.
vii. MARii led an industry driven programme to speed up the production of face shields to address shortages faced by front liners during the pandemic.
viii. MARii Simulation and Analysis Centre (MARSAC) to provide technical expertise support for the automotive parts and component supplier ecosystem in Computer Aided Engineering (CAE) analysis as well as simulation in the design of parts of components.

EXHIBIT 4.24

AUTONOMOUS MOBILE WORKING PLATFORM

FINAL PRODUCT AUTOMOUS WORKING PLATFORM (AMWP)

Source: Malaysia Automotive Robotics and IoT Institute (MARii) & Talent Synergy Sdn. Bhd.

In line with the emerging needs and challenges, MARii and MITI also play a relevant role in ensuring sustainable growth, as well as enhancing competitiveness at the local and international levels. The following are the key policies and solutions that have been formulated for the industry and implemented throughout 2020:

i. NAP 2020 – an enhancement of NAP 2014, aims to make Malaysia a regional leader in manufacturing, engineering and technology as well as to ensure a sustainable development of the local automotive industry. NAP 2020 aims to boost the adoption of Industrial Revolution 4.0 (IR4.0) technologies in the local automotive industry. Among new elements that have been added to NAP 2020 are Next Generation Vehicles (NxGV), MaaS and IR4.0.
ii Centre of Excellence for Future Industries (CoEFI) – tasked to come up with a Future Industry Framework that will look into all aspects of technology and innovation activities in the country, as well as to create a technology convergence and all types of spin-off to drive wealth creation and societal well-being.
iii MARii National Digitalisation Hub – a hub where new technology adoption in design visualisation technology AR/Virtual Reality (VR)/Mixed Reality (MR) will be established and made accessible to the public to use at a fraction of the cost.
iv MARii Cloud Web Services (MACWES) – a complete package offering (SaaS, PaaS, IaaS) industry-leading solutions which provides entrepreneurs with everything they need to bring their idea to fruition. This ranges from design and engineering, manufacturing and production, simulation to governance and lifecycle.

OUTLOOK 2021

In terms of productivity outlook, the Asian Development Bank (ADB) predicts that Malaysia's GDP would rebound to 6% in 2021 and stabilise at around 5.7% in 2022. The optimism is expected to continue in 2022. However, many economists expect the 2021 rebound may not be at par with growth and performance during the pre-pandemic era. The ADB foresees the revival and recovery in economy both worldwide and domestically from 2021 onwards. The rebound is expected to gain momentum in 2022. Vaccination plays an important role for the optimism as by the end of 2021, many countries would have completed their nationwide vaccination programme. This may lead to the reopening of international borders which will facilitate the movement of goods and people, thus encourage trade. Internally, monetary, recovery, and economic policies post COVID-19 are also expected to be the key attributes of the projection for 2022. Externally, consumer spending will boost demand. Alongside the projection in the future economy, Malaysia's productivity growth is expected to rebound as well in 2021 following the contraction in 2020. The increase in economic activities will boost output per worker.

ADB foresees the revival and recovery in economy both worldwide and domestically from 2021 onwards

The rebound is expected to gain momentum in 2022. Vaccination plays an important role for the optimism as by the end of 2021, many countries would have completed their nationwide vaccination programme.

Improved regulations are necessary for economic revival to manage risks and minimise unnecessary red tape. A good system of regulatory management methodically helps to identify the best choice among policy options. It reduces unnecessary burden on citizens and businesses and promotes transparency in the design of and access to regulations while at the same time protecting health, safety, and the environment.

According to the World Bank, Malaysia's GRP journey has many lessons for countries embarking on similar reforms. Success factors in the GRP effort includes strong links between regulatory reform commitments and broader economic and development goals; the establishment of a whole-of-government regulatory policy and GRP guidelines focused not on fewer but better regulations; and the in-depth engagements with the private sector.

In establishing formal and legally binding requirements, thus far, Malaysia's approach depends mainly on raising awareness among regulators on the benefits of GRP and supporting them along their journey in adopting GRP by providing guidelines, capacity building, and coordination.

Establishing a formal framework to monitor and assess Malaysia's regulatory policy implementation provides the right incentive for better GRP compliance. This recommendation follows the maxim 'what gets measured gets done'. Malaysia could benefit from identifying a monitoring and evaluation framework to assess its policy implementation, performance, and compliance with GRP requirements by regulatory agencies. MPC is already making some progress in this area. However, timely reports with relevant metrics on GRP implementation should be more frequent and publicly accessible to benchmark regulators, recognise good performers, and identify laggard agencies. Specific, measurable, attainable, realistic, and timely KPI's must be set to determine Malaysia's performance in GRP and guide the future direction.

Transparency, accountability, and predictability hold the key to successful regulatory reforms. Malaysia's regulatory and GRP reforms have progressed and played a key role in the country's move towards the achievement of high-income and developed nation status. The building blocks of a sound GRP system are in place. Strong collaboration with the private sector and political commitment have contributed to the current success. The next step includes the third-generation reforms to ensure the system works better. Better transparency, accountability, and predictability to the regulatory process are imperative to the regulating agencies. Regulators' awareness about GRP must also be improved.

MITI feels that solutions to address the issues and challenges in digital technology are needed to harness the multifaced advantages of digital technology. MPC, through its DPN, has taken the lead to promote the effective use of digital technology through the Go B.I.G. with Digital initiative under the MPB. It is recommended that the Go B.I.G. with Digital 6-P framework be adopted for 2021.

From the perspective of trade development, MATRADE will continue to embark on promoting more digitalised programmes to cater for the new norm of doing business in the era of COVID-19 pandemic and beyond. #MyAPEC 2020 Exhibition, MATRADE's first venture into a virtual trade promotion programme, has paved the way forward for 2022. MATRADE's iconic event, the Malaysia International Halal Showcase (MIHAS) 2022 will be held in a fully virtual manner. Furthermore, MATRADE will continue to initiate eBizLink, which is a comprehensive trade engagement platform encompassing virtual exhibition, business pitching, B2B meetings, networking, and digital marketing, to accelerate Malaysia's export growth.

APPENDICES

APPENDIX 1
ANNUAL TRADE, 2005-2020

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[f]	1,784,308.1	983,826.8	800,481.3	183,345.4

Source: Department of Statistics, Malaysia (DOSM)

APPENDIX 2

TRADE WITH THE ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN), 2019-2020

	Exports					Imports					Balance of Trade		Total Trade	
	2020f			2019		2020f			2019		2020f	2019	2020f	2019
COUNTRY	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million	RM million	RM million
TOTAL	**983,826.8**	**100.0**	**-1.1**	**995,071.9**	**100.0**	**800,481.3**	**100.0**	**-5.8**	**849,410.8**	**100.0**	**183,345.4**	**145,661.1**	**1,784,308.1**	**1,844,482.7**
ASEAN	**272,979.3**	**27.7**	**-4.7**	**286,466.1**	**28.8**	**174,864.2**	**21.8**	**-14.7**	**205,047.0**	**24.1**	**98,115.1**	**81,419.1**	**447,843.5**	**491,513.2**
Singapore	142,145.6	14.4	3.7	137,077.7	13.8	73,678.1	9.2	-17.7	89,496.7	10.5	68,467.5	47,581.0	215,823.7	226,574.3
Thailand	45,339.5	4.6	-19.5	56,318.1	5.7	34,300.1	4.3	-22.5	44,276.6	5.2	11,039.4	12,041.6	79,639.6	100,594.7
Indonesia	29,588.8	3.0	-5.6	31,328.0	3.1	36,694.3	4.6	-5.7	38,898.0	4.6	-7,105.6	-7,570.0	66,283.1	70,225.9
Viet Nam	30,904.6	3.1	-12.7	35,386.8	3.6	18,012.0	2.3	-8.1	19,589.0	2.3	12,892.6	15,797.8	48,916.6	54,975.8
Philippines	17,606.7	1.8	-5.4	18,607.5	1.9	8,780.5	1.1	-2.8	9,030.0	1.1	8,826.2	9,577.5	26,387.2	27,637.5
Brunei Darussalam	2,776.2	0.3	21.3	2,289.0	0.2	1,936.9	0.2	-0.2	1,941.4	0.2	839.3	347.6	4,713.0	4,230.4
Myanmar	3,066.5	0.3	8.3	2,830.7	0.3	936.7	0.1	-14.0	1,089.1	0.1	2,129.9	1,741.6	4,003.2	3,919.8
Cambodia	1,495.2	0.2	-42.4	2,594.8	0.3	478.1	0.1	-30.2	684.9	0.1	1,017.1	1,910.0	1,973.3	3,279.7
Lao PDR	56.2	0.0	67.8	33.5	0.0	47.6	0.0	14.7	41.5	0.0	8.6	-8.0	103.8	75.0

*Note: Top countries are sorted according to Total Trade value for 2020
Source: Department of Statistics, Malaysia (DOSM)

APPENDIX 3

TOP TEN TRADE PARTNERS IN THE EUROPEAN UNION (EU), 2019-2020

	Exports					Imports					Balance of Trade		Total Trade	
	2020f			2019		2020f			2019		2020f	2019	2020f	2019
COUNTRY	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million	RM million	RM million
TOTAL	**983,826.8**	**100.0**	**-1.1**	**995,071.9**	**100.0**	**800,481.3**	**100.0**	**-5.8**	**849,410.8**	**100.0**	**183,345.4**	**145,661.1**	**1,784,308.1**	**1,844,482.7**
EU	**84,355.0**	**8.6**	**-3.9**	**87,802.8**	**8.8**	**58,904.6**	**7.4**	**-17.7**	**71,543.7**	**8.4**	**25,450.3**	**16,259.1**	**143,259.6**	**159,346.5**
Germany	24,693.7	2.5	-5.2	26,050.9	2.6	23,228.3	2.9	-13.2	26,764.3	3.2	1,465.5	-713.3	47,922.0	52,815.2
Netherlands	23,488.0	2.4	-10.7	26,298.2	2.6	4,365.1	0.5	-23.3	5,691.6	0.7	19,122.9	20,606.7	27,853.0	31,989.8
Italy	5,471.0	0.6	8.3	5,053.2	0.5	6,695.3	0.8	-5.1	7,052.6	0.8	-1,224.3	-1,999.4	12,166.3	12,105.7
France	5,141.3	0.5	-17.3	6,213.9	0.6	6,260.2	0.8	-42.4	10,860.0	1.3	-1,118.9	-4,646.1	11,401.5	17,073.9
Belgium	4,513.6	0.5	-0.2	4,521.0	0.5	2,902.6	0.4	-13.2	3,344.7	0.4	1,610.9	1,176.2	7,416.2	7,865.7
Spain	4,122.3	0.4	-8.7	4,516.2	0.5	2,264.2	0.3	-18.2	2,769.0	0.3	1,858.1	1,747.1	6,386.5	7,285.2
Ireland	1,216.0	0.1	-2.9	1,252.6	0.1	2,465.3	0.3	-39.3	4,062.0	0.5	-1,249.2	-2,809.4	3,681.3	5,314.5
Czech Republic	2,406.5	0.2	26.2	1,906.2	0.2	1,040.4	0.1	6.5	977.1	0.1	1,366.1	929.2	3,446.8	2,883.3
Poland	2,399.3	0.2	31.8	1,819.9	0.2	843.9	0.1	-26.2	1,142.8	0.1	1,555.4	677.0	3,243.2	2,962.7
Sweden	1,486.3	0.2	22.0	1,218.0	0.1	1,747.2	0.2	-21.0	2,211.2	0.3	-260.9	-993.2	3,233.5	3,429.3

*Note: Top countries are sorted according to Total Trade value for 2020
Source: Department of Statistics, Malaysia (DOSM)

APPENDIX 4

TOP TEN TRADE PARTNERS IN THE ASIA-PACIFIC ECONOMIC COOPERATION (APEC), 2019-2020

	Exports					Imports					Balance of Trade		Total Trade	
	2020f			2019		2020f			2019		2020f	2019	2020f	2019
COUNTRY	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million	RM million	RM million
TOTAL	**983,826.8**	**100.0**	**-1.1**	**995,071.9**	**100.0**	**800,481.3**	**100.0**	**-5.8**	**849,410.8**	**100.0**	**183,345.4**	**145,661.1**	**1,784,308.1**	**1,844,482.7**
APEC	**781,955.0**	**79.5**	**1.0**	**774,459.7**	**77.8**	**627,730.2**	**78.4**	**-4.8**	**659,081.5**	**77.6**	**154,224.8**	**115,378.2**	**1,409,685.1**	**1,433,541.3**
PRC	159,223.0	16.2	13.0	140,931.4	14.2	172,216.5	21.5	-2.0	175,666.8	20.7	-12,993.5	-34,735.4	331,439.5	316,598.2
Singapore	142,145.6	14.4	3.7	137,077.7	13.8	73,678.1	9.2	-17.7	89,496.7	10.5	68,467.5	47,581.0	215,823.7	226,574.3
US	109,080.3	11.1	13.0	96,541.6	9.7	69,704.7	8.7	1.5	68,678.1	8.1	39,375.7	27,863.5	178,785.0	165,219.8
Japan	62,561.4	6.4	-5.2	65,997.8	6.6	61,580.9	7.7	-3.2	63,594.3	7.5	980.5	2,403.5	124,142.3	129,592.1
Chinese Taipei	33,873.5	3.4	-8.5	37,031.5	3.7	58,033.2	7.2	1.7	57,045.6	6.7	-24,159.7	-20,014.1	91,906.7	94,077.1
Hong Kong SAR	68,166.8	6.9	2.3	66,624.4	6.7	14,195.9	1.8	0.9	14,063.6	1.7	53,970.9	52,560.8	82,362.8	80,688.0
ROK	34,713.8	3.5	1.4	34,229.5	3.4	46,112.7	5.8	18.8	38,828.2	4.6	-11,398.8	-4,598.6	80,826.5	73,057.7
Thailand	45,339.5	4.6	-19.5	56,318.1	5.7	34,300.1	4.3	-22.5	44,276.6	5.2	11,039.4	12,041.6	79,639.6	100,594.7
Indonesia	29,588.8	3.0	-5.6	31,328.0	3.1	36,694.3	4.6	-5.7	38,898.0	4.6	-7,105.6	-7,570.0	66,283.1	70,225.9
Viet Nam	30,904.6	3.1	-12.7	35,386.8	3.6	18,012.0	2.3	-8.1	19,589.0	2.3	12,892.6	15,797.8	48,916.6	54,975.8

*Note: Top countries are sorted according to Total Trade value for 2020

Source: Department of Statistics, Malaysia (DOSM)

APPENDIX 5

TRADE WITH THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA), 2019-2020

	Exports					Imports					Balance of Trade		Total Trade	
	2020f			2019		2020f			2019		2020f	2019	2020f	2019
COUNTRY	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million	RM million	RM million
TOTAL	**983,826.8**	**100.0**	**-1.1**	**995,071.9**	**100.0**	**800,481.3**	**100.0**	**-5.8**	**849,410.8**	**100.0**	**183,345.4**	**145,661.1**	**1,784,308.1**	**1,844,482.7**
NAFTA	**121,464.2**	**12.3**	**11.3**	**109,129.2**	**11.0**	**74,445.0**	**9.3**	**0.9**	**73,754.3**	**8.7**	**47,019.2**	**35,374.9**	**195,909.2**	**182,883.5**
US	109,080.3	11.1	13.0	96,541.6	9.7	69,704.7	8.7	1.5	68,678.1	8.1	39,375.7	27,863.5	178,785.0	165,219.8
Mexico	8,405.8	0.9	-7.2	9,054.9	0.9	1,695.3	0.2	-2.0	1,730.1	0.2	6,710.5	7,324.8	10,101.1	10,784.9
Canada	3,978.0	0.4	12.6	3,532.7	0.4	3,045.0	0.4	-9.0	3,346.1	0.4	933.0	186.6	7,023.0	6,878.8

*Note: Top countries are sorted according to Total Trade value for 2020
Source: Department of Statistics, Malaysia (DOSM)

APPENDIX 6

TRADE WITH EUROPEAN FREE TRADE ASSOCIATION (EFTA), 2019-2020

	Exports					Imports					Balance of Trade		Total Trade	
	2020f			2019		2020f			2019		2020f	2019	2020f	2019
COUNTRY	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million	RM million	RM million
TOTAL	**983,826.8**	**100.0**	**-1.1**	**995,071.9**	**100.0**	**800,481.3**	**100.0**	**-5.8**	**849,410.8**	**100.0**	**183,345.4**	**145,661.1**	**1,784,308.1**	**1,844,482.7**
EFTA	**3,248.9**	**0.3**	**24.9**	**2,601.0**	**0.3**	**6,946.0**	**0.9**	**-7.4**	**7,504.2**	**0.9**	**-3,697.1**	**-4,903.2**	**10,195.0**	**10,105.3**
Switzerland	2,693.7	0.3	25.7	2,143.7	0.2	6,092.0	0.8	-6.4	6,506.8	0.8	-3,398.2	-4,363.1	8,785.7	8,650.4
Norway	546.0	0.1	21.3	450.0	0.0	840.8	0.1	-15.1	989.9	0.1	-294.8	-539.9	1,386.9	1,439.8
Liechtenstein	3.1	0.0	3.0	3.0	0.0	11.6	0.0	86.0	6.2	0.0	-8.5	-3.3	14.7	9.2
Iceland	6.1	0.0	39.0	4.4	0.0	1.6	0.0	16.2	1.4	0.0	4.5	3.0	7.7	5.8

*Note: Top countries are sorted according to Total Trade value for 2020
Source: Department of Statistics, Malaysia (DOSM)

APPENDIX 7

TOP TEN TRADE PARTNERS IN THE ORGANISATION OF ISLAMIC COOPERATION (OIC), 2019-2020

	Exports					Imports					Balance of Trade		Total Trade	
	2020f			2019		2020f			2019		2020f	2019	2020f	2019
COUNTRY	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million	RM million	RM million
TOTAL	**983,826.8**	**100.0**	**-1.1**	**995,071.9**	**995,071.9**	**800,481.3**	**100.0**	**-5.8**	**849,410.8**	**100.0**	**183,345.4**	**145,661.1**	**1,784,308.1**	**1,844,482.7**
OIC	**81,056.8**	**8.2**	**-9.0**	**89,033.8**	**89,033.8**	**87,742.4**	**11.0**	**-6.1**	**93,444.4**	**11.0**	**-6,685.6**	**-4,410.6**	**168,799.2**	**182,478.2**
Indonesia	29,588.8	3.0	-5.6	31,328.0	31,328.0	36,694.3	4.6	-5.7	38,898.0	4.6	-7,105.6	-7,570.0	66,283.1	70,225.9
UAE	8,491.9	0.9	-24.1	11,191.7	11,191.7	12,161.5	1.5	-21.2	15,441.9	1.8	-3,669.6	-4,250.3	20,653.4	26,633.6
Saudi Arabia	4,138.6	0.4	18.2	3,501.6	3,501.6	16,158.2	2.0	-14.1	18,807.8	2.2	-12,019.6	-15,306.2	20,296.8	22,309.5
Turkey	7,737.0	0.8	11.0	6,967.4	6,967.4	2,003.7	0.3	13.0	1,773.5	0.2	5,733.3	5,193.9	9,740.8	8,741.0
Bangladesh	5,162.7	0.5	-47.0	9,731.9	9,731.9	872.1	0.1	-8.9	957.8	0.1	4,290.6	8,774.2	6,034.8	10,689.7
Pakistan	4,761.3	0.5	-2.4	4,880.4	4,880.4	1,096.6	0.1	2.9	1,065.5	0.1	3,664.7	3,814.8	5,857.8	5,945.9
Brunei Darussalam	2,776.2	0.3	21.3	2,289.0	2,289.0	1,936.9	0.2	-0.2	1,941.4	0.2	839.3	347.6	4,713.0	4,230.4
Cote D'ivoire	480.9	0.0	75.3	274.3	274.3	3,315.9	0.4	22.8	2,700.0	0.3	-2,835.0	-2,425.7	3,796.7	2,974.3
Nigeria	2,685.7	0.3	33.7	2,008.6	2,008.6	861.9	0.1	-2.9	887.5	0.1	1,823.8	1,121.0	3,547.7	2,896.1
Oman	760.3	0.1	1.2	751.3	751.3	2,739.4	0.3	51.5	1,808.0	0.2	-1,979.2	-1,056.8	3,499.7	2,559.3

*Note: Top countries are sorted according to Total Trade value for 2020
Source: Department of Statistics, Malaysia (DOSM)

APPENDIX 8

TOP TEN TRADE PARTNERS IN THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD), 2019-2020

	Exports					Imports					Balance of Trade		Total Trade	
	2020f			2019		2020f			2019		2020f	2019	2020f	2019
COUNTRY	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million	RM million	RM million
TOTAL	**983,826.8**	**100.0**	**-1.1**	**995,071.9**	**100.0**	**800,481.3**	**100.0**	**-5.8**	**849,410.8**	**100.0**	**183,345.4**	**145,661.1**	**1,784,308.1**	**1,844,482.7**
OECD	**348,371.0**	**35.4**	**0.8**	**345,657.1**	**34.7**	**277,840.6**	**34.7**	**-4.0**	**289,516.1**	**34.1**	**70,530.3**	**56,141.1**	**626,211.6**	**635,173.2**
US	109,080.3	11.1	13.0	96,541.6	9.7	69,704.7	8.7	1.5	68,678.1	8.1	39,375.7	27,863.5	178,785.0	165,219.8
Japan	62,561.4	6.4	-5.2	65,997.8	6.6	61,580.9	7.7	-3.2	63,594.3	7.5	980.5	2,403.5	124,142.3	129,592.1
ROK	34,713.8	3.5	1.4	34,229.5	3.4	46,112.7	5.8	18.8	38,828.2	4.6	-11,398.8	-4,598.6	80,826.5	73,057.7
Germany	24,693.7	2.5	-5.2	26,050.9	2.6	23,228.3	2.9	-13.2	26,764.3	3.2	1,465.5	-713.3	47,922.0	52,815.2
Australia	24,358.9	2.5	-14.4	28,448.2	2.9	19,686.8	2.5	-15.6	23,322.1	2.7	4,672.0	5,126.1	44,045.7	51,770.2
Netherlands	23,488.0	2.4	-10.7	26,298.2	2.6	4,365.1	0.5	-23.3	5,691.6	0.7	19,122.9	20,606.7	27,853.0	31,989.8
UK	9,985.5	1.0	9.6	9,109.0	0.9	6,706.2	0.8	-8.8	7,351.7	0.9	3,279.3	1,757.2	16,691.8	16,460.7
Italy	5,471.0	0.6	8.3	5,053.2	0.5	6,695.3	0.8	-5.1	7,052.6	0.8	-1,224.3	-1,999.4	12,166.3	12,105.7
France	5,141.3	0.5	-17.3	6,213.9	0.6	6,260.2	0.8	-42.4	10,860.0	1.3	-1,118.9	-4,646.1	11,401.5	17,073.9
Mexico	8,405.8	0.9	-7.2	9,054.9	0.9	1,695.3	0.2	-2.0	1,730.1	0.2	6,710.5	7,324.8	10,101.1	10,784.9

*Note: Top countries are sorted according to Total Trade value for 2020
Source: Department of Statistics, Malaysia (DOSM)

APPENDIX 9

MAJOR EXPORTS OF MANUFACTURED GOODS TO TOP FIVE DESTINATIONS, 2019-2020

		2020[1]		2019	
PRODUCTS	**COUNTRY**	**RM million**	**Share (%)**	**RM million**	**Share (%)**
Total		**983,826.8**	**100.0**	**995,071.9**	**100.0**
Manufactured Goods		**849,497.6**	**86.3**	**840,585.6**	**84.5**
Electrical and Electronic Products	**Total**	**386,291.9**	**39.3**	**373,118.0**	**37.5**
	Singapore	69,831.7	7.1	60,424.1	6.1
	Hong Kong SAR	57,537.2	5.8	54,786.1	5.5
	PRC	53,901.1	5.5	49,650.9	5.0
	US	52,856.6	5.4	51,060.2	5.1
	Japan	19,556.6	2.0	19,313.9	1.9
Petroleum Products	**Total**	**61,888.8**	**6.3**	**71,511.3**	**7.2**
	Singapore	19,711.0	2.0	19,034.5	1.9
	PRC	10,793.3	1.1	10,065.7	1.0
	Indonesia	5,475.9	0.6	5,415.8	0.5
	Australia	4,087.2	0.4	4,795.3	0.5
	Viet Nam	4,012.3	0.4	6,458.7	0.6
Chemicals & Chemical Products	**Total**	**50,735.9**	**5.2**	**57,477.2**	**5.8**
	PRC	14,276.7	1.5	17,538.2	1.8
	Indonesia	4,814.2	0.5	5,937.6	0.6
	Thailand	4,735.5	0.5	4,725.7	0.5
	Singapore	3,821.2	0.4	4,195.0	0.4
	Viet Nam	3,696.2	0.4	4,245.2	0.4
Rubber Products	**Total**	**44,301.8**	**4.5**	**25,840.5**	**2.6**
	US	12,778.8	1.3	7,157.8	0.7
	PRC	5,158.3	0.5	3,656.8	0.4
	Germany	2,455.5	0.2	1,451.0	0.1
	UK	2,281.7	0.2	812.3	0.1
	Japan	2,271.2	0.2	1,380.0	0.1
Optical & Scientific Equipment	**Total**	**42,220.1**	**4.3**	**39,905.3**	**4.0**
	US	8,386.5	0.9	7,664.0	0.8
	PRC	6,765.4	0.7	5,738.2	0.6
	Singapore	5,530.4	0.6	5,407.3	0.5
	Taiwan	4,114.1	0.4	3,684.9	0.4
	Japan	2,688.4	0.3	2,248.2	0.2
Machinery, Equipment & Parts	**39,445.7**	**4.0**	**41,599.2**	**4.2**	
	Singapore	8,963.0	0.9	8,505.9	0.9
	US	5,321.0	0.5	3,974.4	0.4
	PRC	3,017.0	0.3	2,647.3	0.3
	Indonesia	2,260.5	0.2	3,442.5	0.3
	Viet Nam	2,062.2	0.2	2,238.5	0.2

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		2020[1]		2019	
PRODUCTS	**COUNTRY**	**RM million**	**Share (%)**	**RM million**	**Share (%)**
Manufactures of Metal	**Total**	**36,830.0**	**3.7**	**41,490.3**	**4.2**
	PRC	11,556.0	1.2	7,610.7	0.8
	Singapore	3,827.0	0.4	4,476.6	0.4
	US	2,433.7	0.2	2,054.5	0.2
	Japan	2,288.6	0.2	2,820.3	0.3
	Thailand	1,970.8	0.2	2,414.4	0.2
Iron & Steel Products	**Total**	**23,551.8**	**2.4**	**21,961.0**	**2.2**
	PRC	9,621.1	1.0	2,720.4	0.3
	Philippines	1,647.8	0.2	1,657.5	0.2
	Indonesia	1,475.2	0.1	2,613.5	0.3
	India	1,359.5	0.1	1,294.0	0.1
	Thailand	1,306.7	0.1	2,019.3	0.2
Processed Food	**Total**	**21,282.9**	**2.2**	**21,773.2**	**2.2**
	Singapore	2,876.9	0.3	2,764.6	0.3
	PRC	2,580.0	0.3	2,419.8	0.2
	US	1,241.7	0.1	1,129.5	0.1
	Indonesia	1,171.3	0.1	1,334.7	0.1
	Thailand	1,122.9	0.1	1,061.0	0.1
Palm Oil-Based Manufactured Products	**Total**	**21,005.9**	**2.1**	**23,337.7**	**2.3**
	PRC	2,980.7	0.3	3,635.3	0.4
	Netherlands	1,884.2	0.2	2,929.5	0.3
	US	1,668.1	0.2	1,797.9	0.2
	India	1,239.2	0.1	1,421.8	0.1
	ROK	1,208.9	0.1	1,151.6	0.1

Source: Department of Statistics, Malaysia (DOSM)

APPENDIX 10

MAJOR IMPORTS OF MANUFACTURED GOODS TO TOP FIVE IMPORT SOURCES, 2019-2020

		2020[f]		2019	
PRODUCTS	**COUNTRY**	**RM million**	**Share (%)**	**RM million**	**Share (%)**
Total		**800,481.3**	**100.0**	**849,410.8**	**100.0**
Manufactured Goods		**687,695.0**	**85.9**	**729,312.8**	**85.9**
Electrical and Electronic Products	**Total**	**252,999.6**	**31.6**	**245,538.4**	**28.9**
	PRC	68,024.7	8.5	64,089.8	7.5
	Taiwan	42,648.9	5.3	40,497.5	4.8
	US	30,413.5	3.8	27,179.9	3.2
	Singapore	26,999.7	3.4	28,972.2	3.4
	Japan	22,489.6	2.8	19,244.1	2.3
Chemicals & Chemical Products	**Total**	**50,735.9**	**6.3**	**81,588.8**	**9.6**
	PRC	14,276.7	1.8	13,976.2	1.6
	US	920.1	0.1	9,173.0	1.1
	Singapore	3,821.2	0.5	7,695.1	0.9
	Japan	2,317.4	0.3	5,875.9	0.7
	Saudi Arabia	88.4	0.0	6,411.3	0.8
Petroleum Products	**Total**	**60,007.4**	**7.5**	**77,480.3**	**9.1**
	Singapore	17,453.3	2.2	29,334.4	3.5
	PRC	7,643.0	1.0	10,505.6	1.2
	ROK	6,157.3	0.8	7,283.8	0.9
	India	5,016.3	0.6	5,330.5	0.6
	UAE	4,736.2	0.6	5,487.1	0.6
Machinery, Equipment & Parts	**Total**	**60,128.9**	**7.5**	**69,638.3**	**8.2**
	PRC	19,126.3	2.4	19,963.5	2.4
	Japan	7,031.4	0.9	7,815.6	0.9
	US	6,550.0	0.8	7,182.3	0.8
	Singapore	4,527.9	0.6	5,750.6	0.7
	Germany	4,412.2	0.6	5,316.5	0.6
Manufactures of Metal	**Total**	**47,024.2**	**5.9**	**47,131.9**	**5.5**
	PRC	9,881.0	1.2	11,762.8	1.4
	India	7,019.8	0.9	4,987.0	0.6
	Japan	5,197.5	0.6	4,865.7	0.6
	US	4,490.5	0.6	3,861.0	0.5
	Bahrain	2,507.4	0.3	638.8	0.1
Transport Equipment	**Total**	**36,519.1**	**4.6**	**40,786.1**	**4.8**
	ROK	10,789.6	1.3	904.9	0.1
	PRC	4,846.9	0.6	6,000.4	0.7
	Japan	4,430.5	0.6	7,196.8	0.8
	Thailand	4,154.2	0.5	6,275.6	0.7
	US	3,005.7	0.4	4,054.0	0.5

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PRODUCTS	COUNTRY	2020[1]		2019	
		RM million	Share (%)	RM million	Share (%)
Iron & Steel Products	**Total**	**24,648.3**	**3.1**	**31,177.4**	**3.7**
	Japan	5,144.9	0.6	5,340.6	0.6
	PRC	4,043.3	0.5	5,566.8	0.7
	ROK	3,182.0	0.4	3,578.7	0.4
	Taiwan	2,215.4	0.3	2,686.5	0.3
	Indonesia	1,826.8	0.2	2,577.9	0.3
Optical & Scientific Equipment	**Total**	**23,246.6**	**2.9**	**24,198.1**	**2.8**
	US	4,355.5	0.5	4,727.0	0.6
	PRC	4,341.0	0.5	4,025.5	0.5
	Singapore	3,104.8	0.4	3,439.7	0.4
	Japan	2,609.4	0.3	2,298.0	0.3
	Germany	1,800.0	0.2	2,042.8	0.2
Processed Food	**Total**	**21,765.5**	**2.7**	**20,275.2**	**2.4**
	PRC	2,459.5	0.3	2,174.1	0.3
	Thailand	2,093.6	0.3	2,530.1	0.3
	US	2,038.9	0.3	1,911.1	0.2
	Brazil	1,954.6	0.2	539.6	0.1
	New Zealand	1,927.5	0.2	2,095.5	0.2
Textiles, Apparels & Footwear	**Total**	**14,577.8**	**1.8**	**16,455.3**	**1.9**
	PRC	7,179.7	0.9	7,274.1	0.9
	Viet Nam	1,309.4	0.2	1,650.0	0.2
	Indonesia	718.6	0.1	899.6	0.1
	India	633.8	0.1	774.0	0.1
	Bangladesh	622.4	0.1	770.4	0.1

Source: Department of Statistics, Malaysia (DOSM)

APPENDIX 11

TOP TEN TRADE PARTNERS IN AFRICA, 2019-2020

	Exports					Imports					Balance of Trade		Total Trade	
	2020f			2019		2020f			2019		2020f	2019	2020f	2019
COUNTRY	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million	RM million	RM million
TOTAL	**983,826.8**	**100.0**	**-1.1**	**995,071.9**	**100.0**	**800,481.3**	**100.0**	**-5.8**	**849,410.8**	**100.0**	**183,345.4**	**145,661.1**	**1,784,308.1**	**1,844,482.7**
Africa	**19,663.5**	**2.0**	**2.8**	**19,128.0**	**1.9**	**11,674.2**	**1.5**	**-15.5**	**13,807.8**	**1.6**	**7,989.3**	**5,320.3**	**31,337.8**	**32,935.8**
South Africa	2,544.6	0.3	-26.8	3,478.3	0.3	2,166.5	0.3	-29.7	3,080.2	0.4	378.1	398.1	4,711.1	6,558.5
Cote D'ivoire	480.9	0.0	75.3	274.3	0.0	3,315.9	0.4	22.8	2,700.0	0.3	-2,835.0	-2,425.7	3,796.7	2,974.3
Nigeria	2,685.7	0.3	33.7	2,008.6	0.2	861.9	0.1	-2.9	887.5	0.1	1,823.8	1,121.0	3,547.7	2,896.1
Kenya	2,254.6	0.2	49.8	1,505.4	0.2	359.7	0.0	101.4	178.6	0.0	1,894.9	1,326.8	2,614.4	1,684.0
Ghana	1,258.0	0.1	80.8	695.9	0.1	883.9	0.1	20.6	733.1	0.1	374.1	-37.1	2,141.9	1,429.0
Egypt	1,662.1	0.2	-9.6	1,839.4	0.2	418.0	0.1	6.6	392.0	0.0	1,244.2	1,447.4	2,080.1	2,231.4
Mozambique	1,027.0	0.1	16.0	885.4	0.1	85.9	0.0	169.4	31.9	0.0	941.1	853.5	1,112.9	917.3
Algeria	367.7	0.0	-35.3	568.4	0.1	726.5	0.1	143.9	297.9	0.0	-358.8	270.5	1,094.2	866.3
Tanzania	658.9	0.1	-30.1	943.1	0.1	301.5	0.0	10.4	273.1	0.0	357.4	670.0	960.5	1,216.3
Angola	592.6	0.1	-24.7	786.9	0.1	296.9	0.0	-55.0	659.3	0.1	295.7	127.6	889.5	1,446.2

*Note: Top countries are sorted according to Total Trade value for 2020
Source: Department of Statistics, Malaysia (DOSM)

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