MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

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MALAYSIA CHAIR OF ASEAN 2015

MITI in the News

Conclusion of the Trans-Pacific Partnership Negotiations, 5 October 2015

Malaysia has won several concessions from parties to the Trans-Pacific Partnership Agreement (TPPA) in the recently concluded negations held in the US city of Atlanta, International Trade and Industry Minister Dato' Sri Mustapa Mohamed said.

"Parties agreed to take into consideration almost all of our concerns and sensitivities particularly in the areas of government procurement, state-owned enterprises and the bumiputera issues. Elements of flexibilities accorded to Malaysia include longer transition periods and differential treatment for Malaysia's sensitive areas," he said.

Dato' Sri Mustapa stressed that Malaysia would never be party to an agreement that violated the nation's Constitution or one that undermined the core policies instituted by the Government to benefit the people.

The Minister said that whether Malaysia signs on to the TPPA would only be decided after full and extensive discussions within the country. "Let me reiterate that whether or not Malaysia becomes a Party to the TPPA will be a collective decision. Once the complete and official text of the Agreement is prepared, it will be in the public domain and presented to Parliament for debate. We will also hold full consultations with interested parties and the public," he said.

The Minister said that negotiators reached agreement on the TPPA on October 5, 2015, in Atlanta, marking the conclusion of the TPPA negotiations which began in 2010. The Ministers, together with all their respective Chief Negotiators, had worked round the clock from September 30, preceded by the Chief Negotiators meeting from 26 September. The TPP Parties are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam.

"In the course of the negotiations, in which I participated from 30 September – 1 October 2015, I was in constant communication with YAB Prime Minister, updating him on the progress as well as seeking guidance and mandates to ensure Malaysia's positions and interests are safeguarded. Even after I left Atlanta for official engagements in Milan and Istanbul, I continued to monitor the discussions and constantly consulted YAB Prime Minister, and conveyed his guidance immediately to our Chief Negotiator and his team in Atlanta," Dato' Sri Mustapa said.

He said that on the issue of intellectual property rights, Malaysia had stood firm that the TPPA should not hinder the public's accessibility to affordable drugs and health care, while at the same time ensuring the necessary incentives for pharmaceutical innovators to produce new drugs and medicines. "In relation to this, all Parties have achieved a mutually agreed balance to ensure that their interests are taken into consideration," the Minister said.

On market access, a fundamental element in any free trade agreement, Malaysia has concluded its negotiations with all Parties. "Good offers were made by all Parties in which import duties for almost all products will be eliminated. Essentially, the outcome will provide Malaysian companies with greater market-access opportunities, particularly in markets such as the U.S., Canada, Mexico and Peru with which Malaysia does not have FTAs," the Minister said.

"Malaysian exporters will gain competitive advantage over regional competitors in exporting products such as from our electrical and electronics sector, chemical products, palm oil products, rubber products, wood products, textiles as well as automotive parts and components. All of these represent major exports for Malaysia and generate huge amounts of revenue for our national economy and employ tens of thousands of Malaysians" he added.

The TPPA as a "comprehensive, 21st century free-trade agreement." We firmly believe that through TPPA, we will be able to further promote our trade and investment agenda and help Malaysia mitigate the challenges of the global economic environment. As an open economy and a country which has benefited from an open trade and investment regime, we not only need to move in tandem with regional and global developments but also need to improve our competitiveness.

Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry
5 October 2015

The 18th Most Competitive Economy In The World

Malaysia charts its best performance since 2005

The World Economic Forum (WEF) moved Malaysia up two spots, ranking the nation the 18th most competitive economy in the world, in its Global Competitiveness Report 2015-2016. This is Malaysia's highest ranking since 2005 in the highly-influential and closely monitored report, which includes 140 economies. In the context of the current challenging global environment, this upgrade is welcome news for Malaysia. This ranking is also an endorsement of the progress we have made in enhancing efficiency and competitiveness through the Government Transformation Programme (GTP) and Economic Transformation Programme (ETP).

Malaysia tops the list among 20 economies under the transition stage from an efficiency-driven to innovation-driven economy. Backed by sound fundamentals, Malaysia is well on track to continue its progress towards high-income developed status in the next five years as we close the gap with GNI per capita at USD10,660 last year.
For 1H 2015, GDP was at 5.3 percent and is projected to grow between 4.5 to 5.5 percent for the full year. In the same period, private investment stood at RM108.5 billion contributing 71 percent of total investment, reflecting the private sector's confidence in Malaysia's long-term prospects.

"The WEF's findings affirm the ETP's has successful steered the nation out of the middle-income band and continues to build momentum to hit its high-income markers. Despite global volatilities, Malaysia enjoys good growth and is considered as one of the best performing economies for more than five years now. While we appreciate the recognition, we cannot rest on our laurels. The challenges as highlighted by the WEF to ensure economic sustainability and growth, serve as a reminder there is no room for complacency.

In an increasingly complex global economic arena, Malaysia as one of the most trade-dependent and open economies in the world has to be extra vigilant given the very volatile nature of global markets,” said Dato’ Sri Mustapa Mohamed.

He also added: “The cross-structural and fiscal reforms put into place over the last five years have played an integral role in creating financial and economic resilience. The government remains committed in institutionalising measures that allow for private sector to flourish in a competitive environment.”

The WEF has highlighted that Malaysia has consolidated its position among the world’s top 20 most competitive economies and remains the highest ranked developing Asian economy. The top 10 of the rankings continues to be dominated by highly advanced economies, led by Switzerland, followed by Singapore, United States, Germany, Netherlands, Japan, Hong Kong SAR, Finland, Sweden and the United Kingdom.

The report’s Global Competitiveness Index (GCI) finds a close link between competitiveness and an economy’s ability to nurture, attract, leverage and support talent. The top-ranking countries all fare well in this regard. With an enhanced competitiveness performance, Malaysia (18th) is ahead of developed economies such as Belgium (19st), Luxembourg (20th), Australia (21st), France (22nd), Austria (23rd), Ireland (24th) and Korea (26th).

The GCR is an annual report published by the WEF based on the Global Competitiveness Index that integrates both macro and micro economic aspects of competitiveness. It uses 70 percent perception data obtained through the Executive Opinion Survey from high level private sector executives and 30 percent statistical data. The report comprises 114 criteria which are organised into 12 pillars of competitiveness. The 12 pillars are Institutions, Infrastructure, Macroeconomic environment, Health and Primary Education, Higher Education and Training, Goods Market Efficiency, Labor Market Efficiency, Financial Market Development, Technological Readiness, Market Size, Business Sophistication and Innovation.

The Report indicates that Malaysia’s competitiveness lies in goods market efficiency and financial market development pillars in which Malaysia is ranked in the top ten at 6th and 9th positions respectively. Malaysia improves in most of the 12 pillars, with gains in macroeconomic stability (35th, up nine places) as the budget deficit continues to be reduced to the lowest in six years (3.7 percent of GDP); Higher Education & Training (36th, improving by 10 places) and, most notably, technology readiness (47th) improving by 13 places.

Dato’ Sri Mustapa said Malaysia was already heeding the WEF assessment that countries need to ensure higher productivity, nurture innovation, talent and entrepreneurship; and embrace long-term structural reforms to generate resilience for economic downturns.

“Malaysia had established a high level Special Economic Committee chaired by the Prime Minister in August this year. Among the objectives of this Committee are to ensure the country’s growth momentum amid the volatile economic conditions globally as well as to ensure the prosperity and quality of life of all Malaysians are intact regardless of all situations. The Government will also continue to ensure successful implementation of the National Transformation Policy which encompasses the economic and government transformation programs,” he said.

In line with the WEF’s emphasis on higher productivity to address sluggish growth, renewed efforts will be undertaken to boost productivity in a focused and targeted manner with clear outcomes at the national, industry and enterprise level during the 11th Malaysia Plan period, the Minister added.

"The Malaysia Productivity Corporation, in partnership with both the public and private sectors, will forge ahead to enhance productivity for global competitiveness and innovation. In addition, there is a need to accelerate good regulatory practices to ensure the quality and effective delivery of public policy which is business friendly and people centric," Dato' Sri Mustapa said.

He noted that Malaysia's strong foundation of public-private partnership would help ensure the nation maintains its growth momentum to become one of the top investment and trade destinations in Asia. "While the government will prioritise measures that ensure the country's growth and prosperity, the private sector will continuously step up efforts to invest in technology, pursue productivity, nurture innovation and talent," Dato' Sri Mustapa said.

Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry
30 September 2015

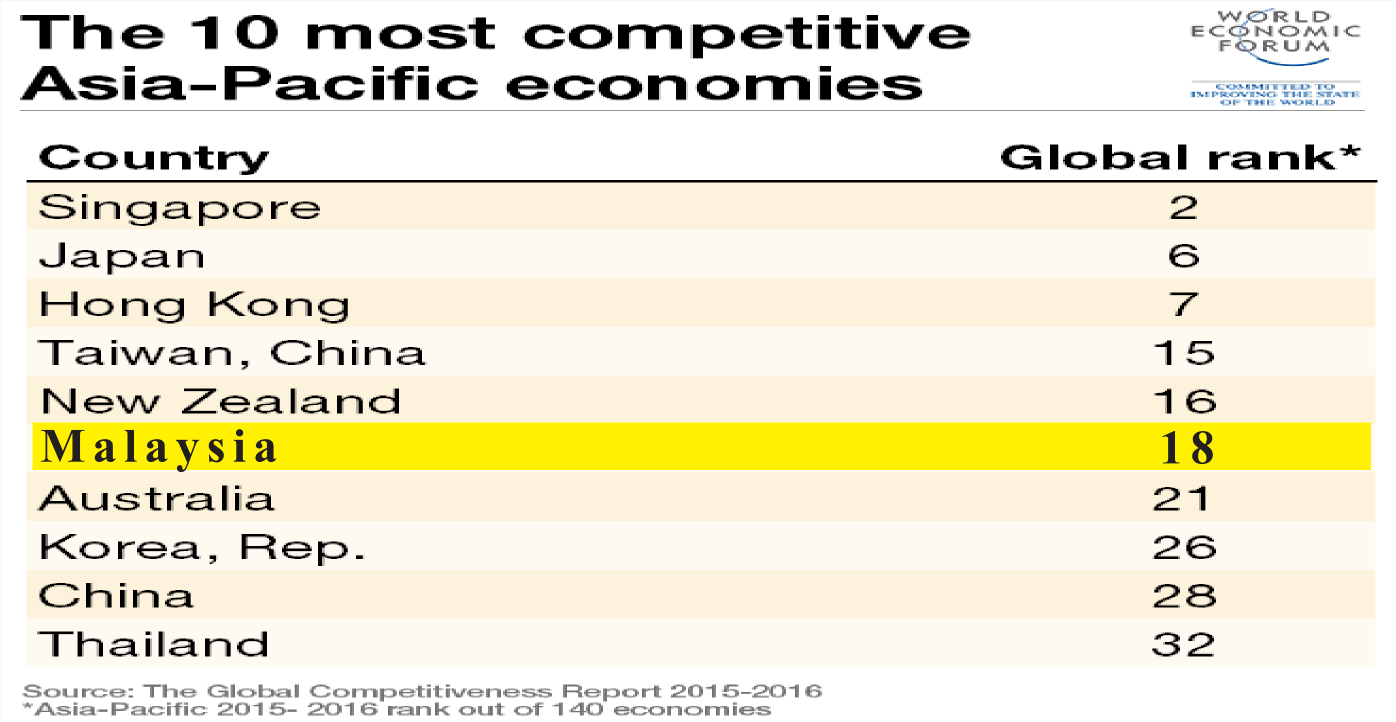
Global Competitiveness Report 2015-2016

Top 10 Ranking

Rank	Economy	Value	Previous year (2014-2015)
1	Switzerland	5.76	1
2	Singapore	5.68	2
3	United States	5.61	3
4	Germany	5.53	5
5	Netherlands	5.50	8
6	Japan	5.47	6
7	Hong Kong SAR	5.46	7
8	Finland	5.45	4
9	Sweden	5.43	10
10	United Kingdom	5.43	9
18	Malaysia	5.23	20

1) Value scale ranges from 1-7
2) 2014-2015 ranking out of 144 economies
3) 2015-2016 ranking out of 140 economies
Source: http://reports.weforum.org/global-competitiveness-report-2015-2016/

The 10 Most Competitive Asia-Pacific Economies



The 10 most competitive Asia-Pacific economies

WORLD ECONOMIC FORUM
COMMITTED TO IMPROVING THE STATE OF THE WORLD

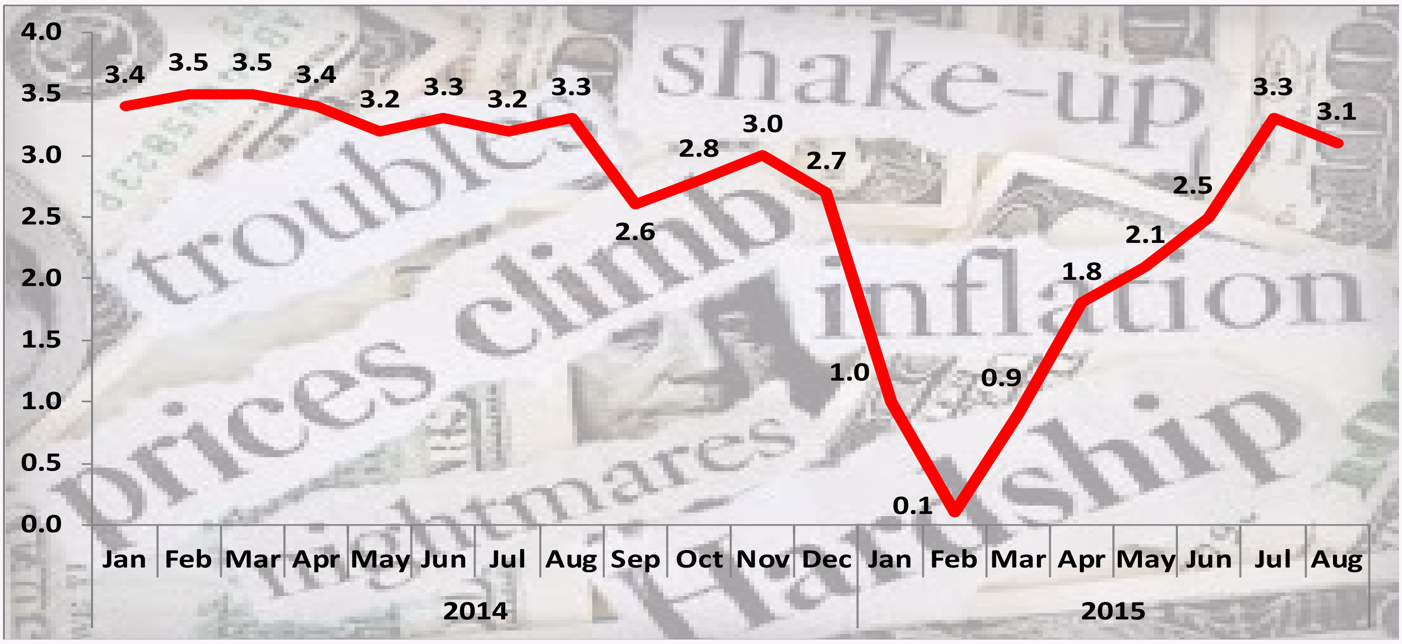
Country	Global rank*
Singapore	2
Japan	6
Hong Kong	7
Taiwan, China	15
New Zealand	16
Malaysia	**18**
Australia	21
Korea, Rep.	26
China	28
Thailand	32

Source: The Global Competitiveness Report 2015-2016
*Asia-Pacific 2015- 2016 rank out of 140 economies

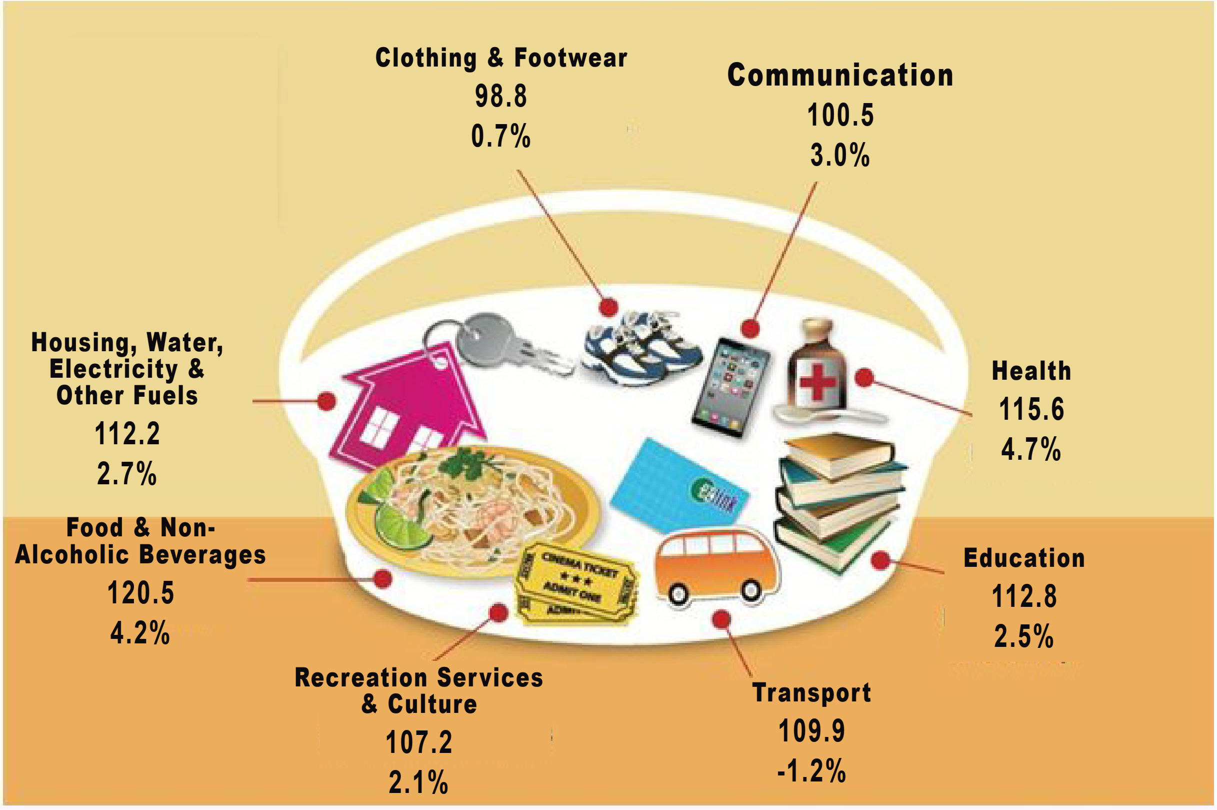
Source : Global Competitveness Report 2015/2016

MALAYSIA

Inflation Rate, January 2014 - August 2015

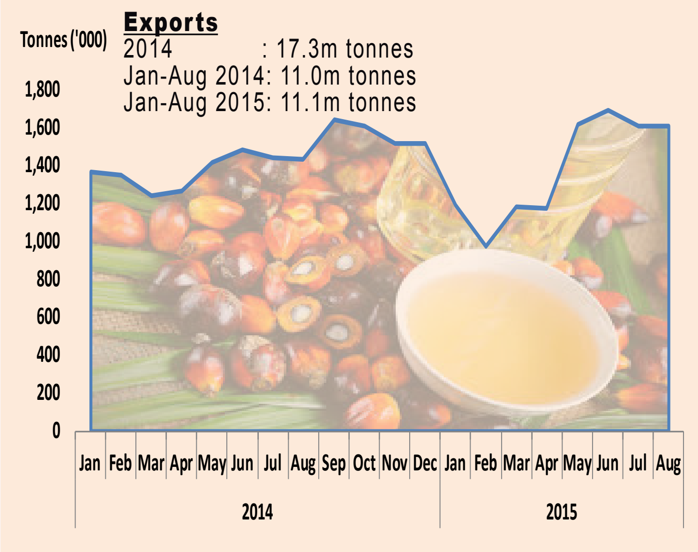


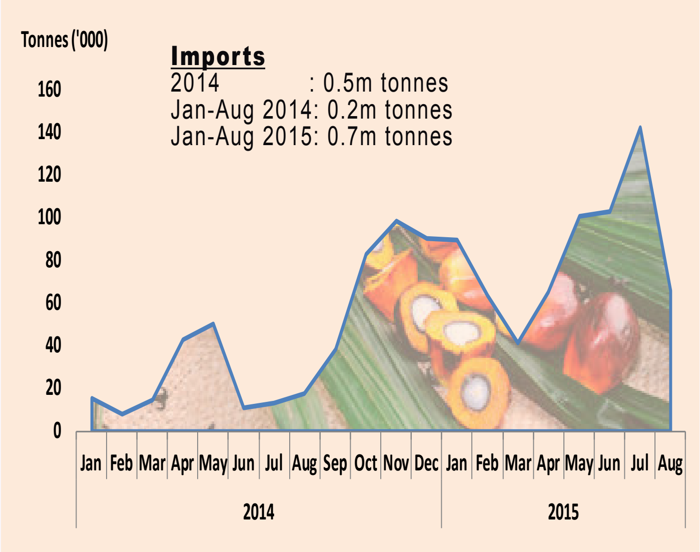
Consumer Price Index (CPI) by Major Categories, August 2015



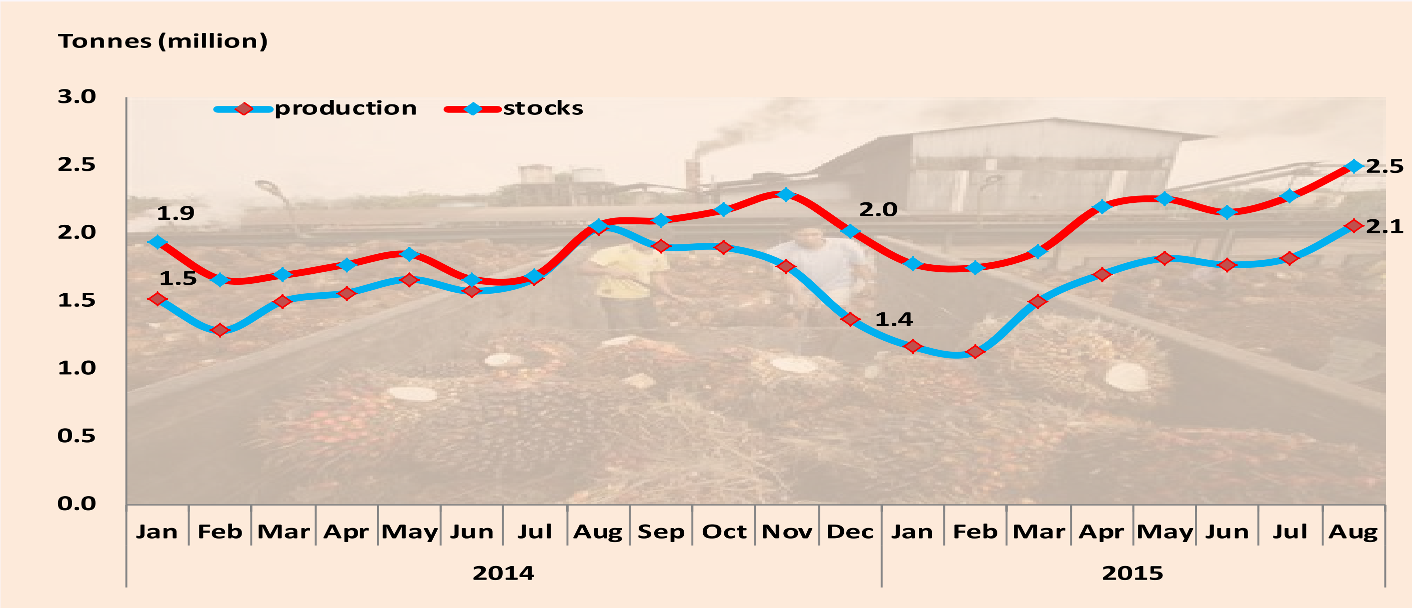
Source : Department of Statistics, Malaysia

Exports and Imports of Palm Oil, January 2014 - August 2015





Production and Stocks of Palm Oil, January 2014 - August 2015



Export of Palm Oil to Major Destinations, January - August 2014/2015

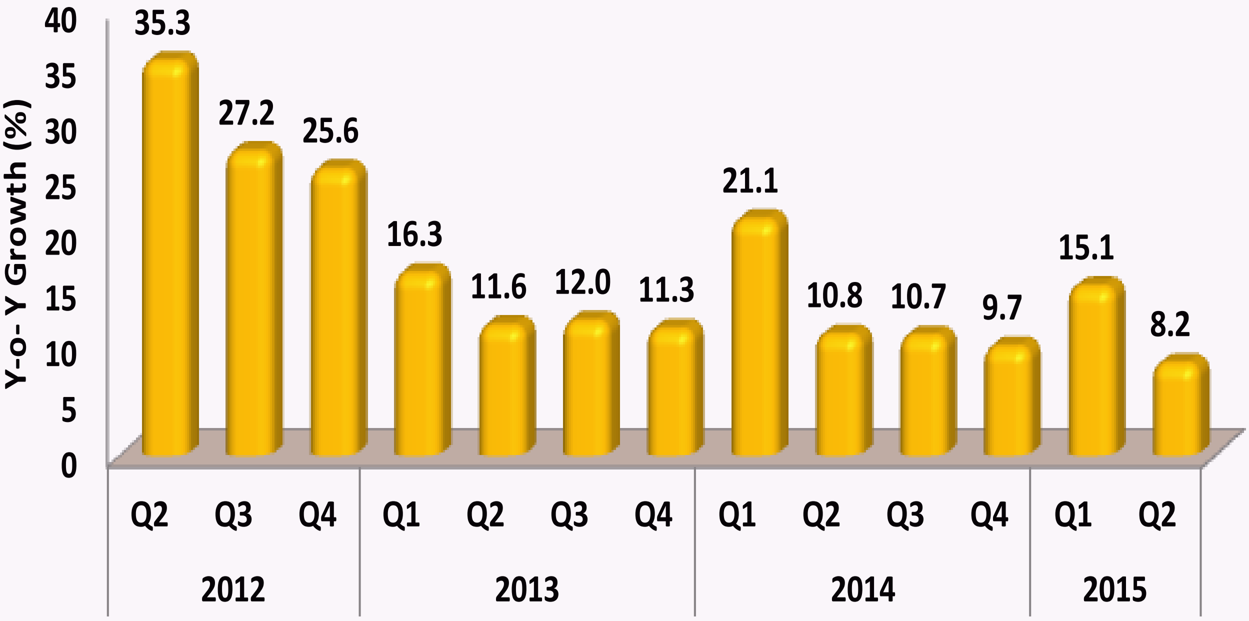
India	China	EU	Pakistan	USA
2,163,022 tonnes ↑15.7%	1,765,129 tonnes ↓4.2%	1,502,361 tonnes ↓1.2%	485,991 tonnes ↓13.8%	464,147 tonnes ↓14.6%
Viet Nam	Philippines	Japan	ROK	Singapore
429,793 tonnes ↑15.3%	395,227 tonnes ↑24.0%	344,278 tonnes ↑3.6%	286,058 tonnes ↑12.3%	271,666 tonnes ↓16.8%

Source : Malaysian Palm Oil Council

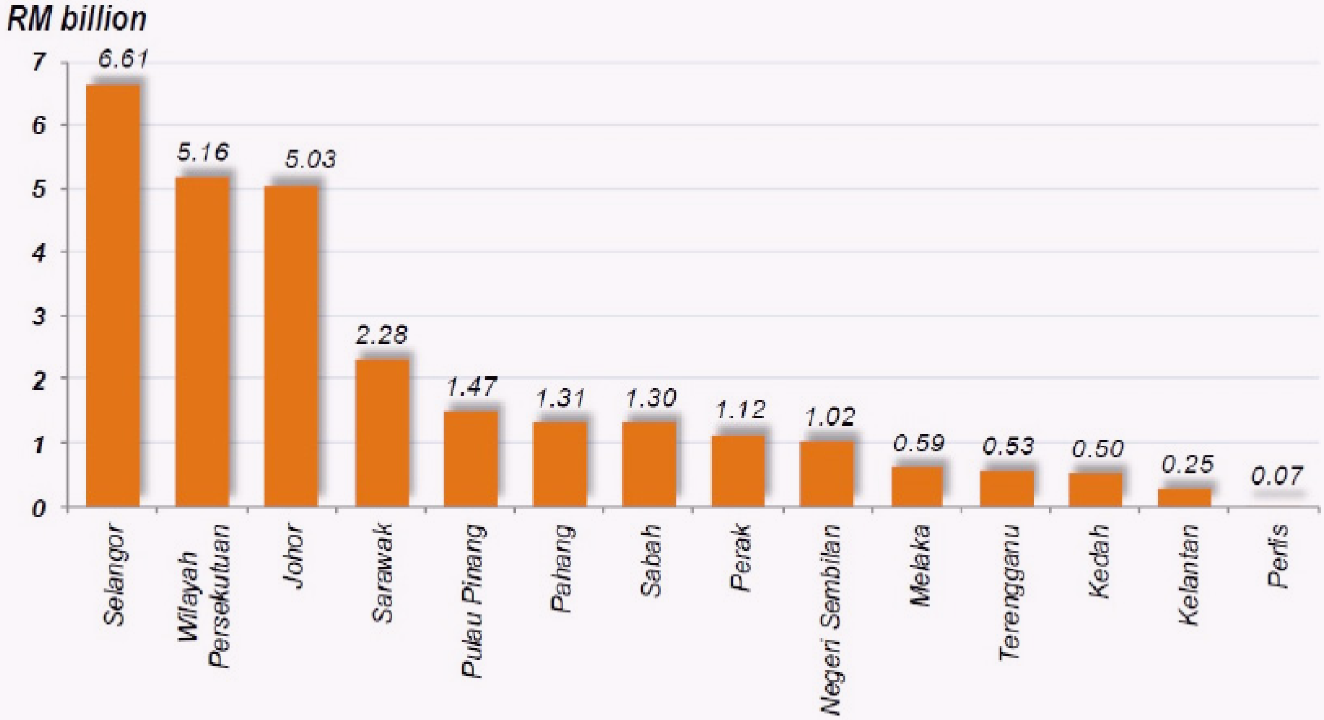
Construction Sector Performance, Q2 2015

Quarter	No. of projects	Value of construction work done (RM million)	Percentage change (%)	
			(QoQ)	(YoY)
Q2 / 2015	**10,074**	**27,239**	**-5.2**	**8.2**
Q1 / 2015	9,982	28,741	6.1	15.1
Q2 / 2014	9,875	25,173	0.8	10.8

Construction Sector Annual Growth



Value of Construction Work Done by Project Location, Q2 2015



Source : Department of Statistics, Malaysia

‘ASEAN and You’

ASEAN Index of Economic Freedom, 2015 (Property Rights Component)

Scores between 0-100

7	CAMBODIA	25.0
8	VIET NAM	15.0
9	LAOS	15.0
10	MYANMAR	10.0
1	SINGAPORE	90.0
2	MALAYSIA	55.0
3	THAILAND	40
4	BRUNEI DARUSSALAM	35.0
5	INDONESIA	30.0
6	PHILLIPINES	30.0

The property rights component is an assessment of the ability of individuals to accumulate private property, secured by clear laws that are fully enforced by the state. It measures the degree to which a country’s laws protect private property rights and the degree to which its government enforces those laws. It also assesses the likelihood that private property will be expropriated and analyzes the independence of the judiciary, the existence of corruption within the judiciary, and the ability of individuals and businesses to enforce contracts.

The more certain the legal protection of property, the higher a country’s score; similarly, the greater the chances of government expropriation of property, the lower a country’s score. Countries that fall between two categories may receive an intermediate score.

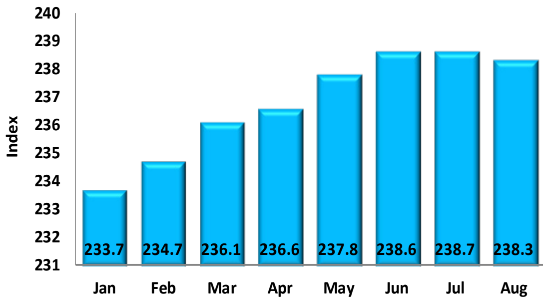
Source: http://www.heritage.org/index/

MITI’s ASEAN Portal can be accessed via http://aec2015.miti.gov.my/

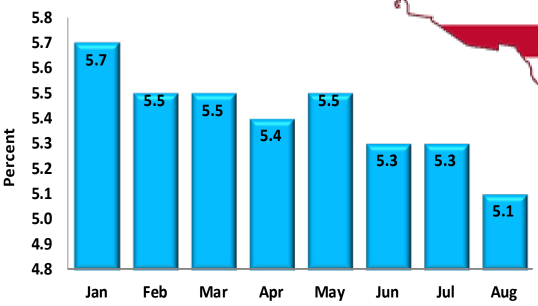
International Report

US Economic Indicators, January - August 2015

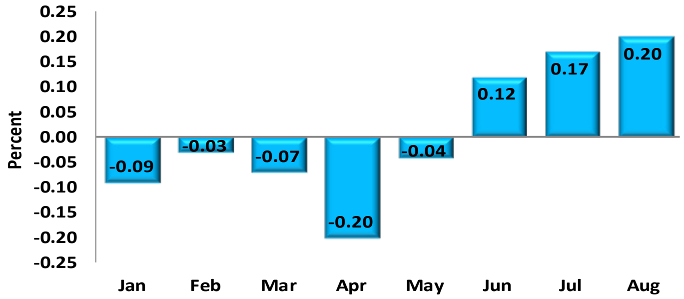
Consumer Price Index



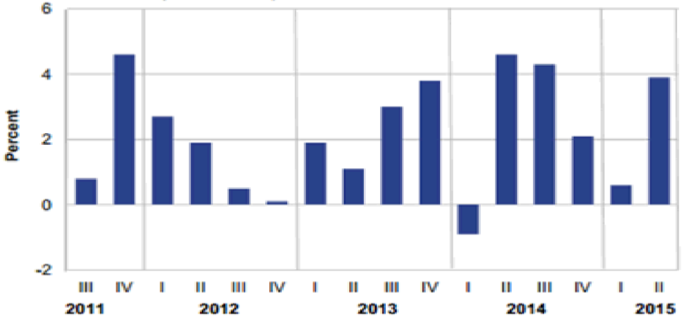
Unemployment Rate



Inflation Rate

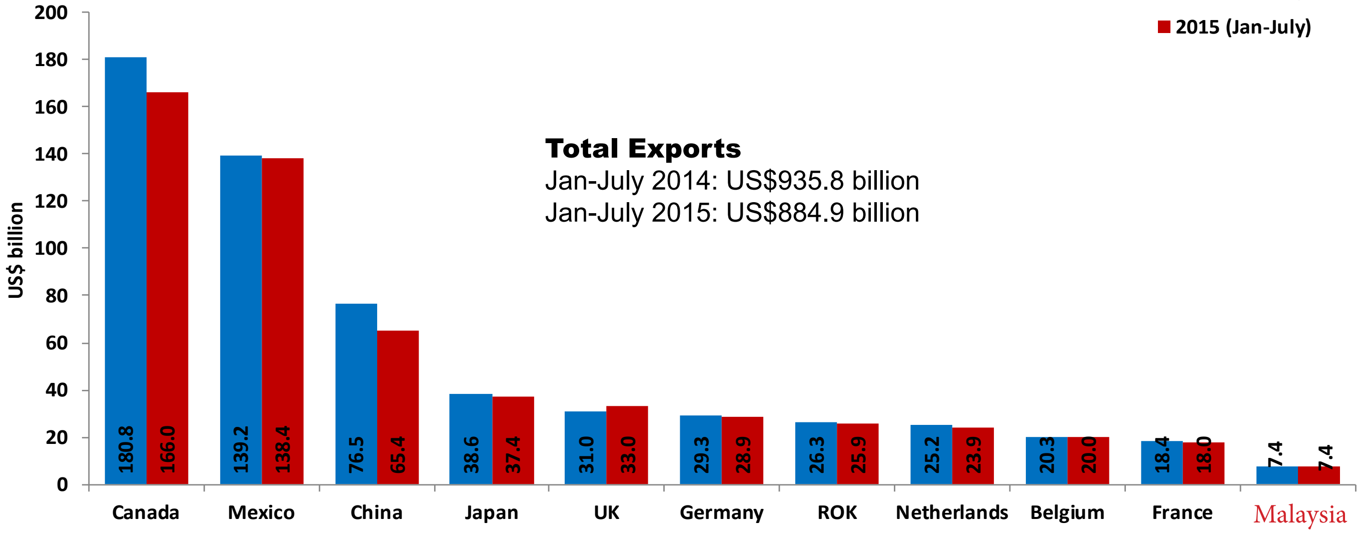


Quarter-to-Quarter Growth in Real GDP



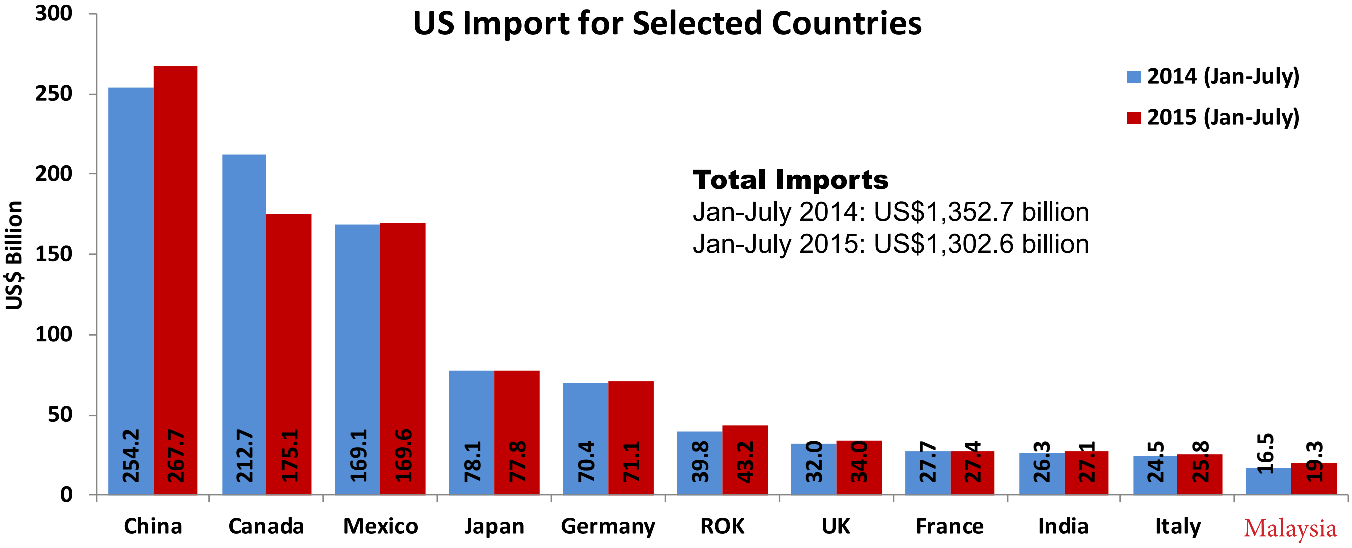
Source : Bureau of Economic Analysis

US Export for Selected Countries



Total Exports
Jan-July 2014: US$935.8 billion
Jan-July 2015: US$884.9 billion

US Import for Selected Countries



Total Imports
Jan-July 2014: US$1,352.7 billion
Jan-July 2015: US$1,302.6 billion

Source : World Trade Atlas

Indonesia Announces Further Economic Stimulus Measures

Overview

The Government of Indonesia on 29 September 2015 announced a further package of policies designed to stimulate the republic's economy. The latest raft of measures is a follow-up to an earlier package announced on 9 September 2015. The latest tranche seeks to speed up investment, create bonded zones and confer tax facilities. The Coordinating Minister for Economic Affairs Darmin Nasution told press that the latest package is smaller than its predecessor to ensure an immediate positive impact to the public and businesses. The government has prepared 16 Government and Presidential Regulations as well as 38 Ministerial and Statutory Body Regulations including those from the first package which are awaiting the President's signature.

Three hour licencing process

According to Darmin, the investment licencing process for investors seeking to develop factories in industrial areas will be cut to just three hours. The Chair of Indonesia's Investment Coordinating Board (BKPM) Franky Sibarani noted that the licencing process for such cases will include principal licencing, incorporation as an Indonesian legal entity and tax identification numbers (NPWP). The BKPM will hence provide in-house notaries to facilitate the work. Investors will be able to select the location of their projects after receiving their licences.

Two further conditions will be imposed, namely:

- The proposed factories must have an investment value of at least IDR100 billion or employ 1000 local workers.
- Investors must establish waste management facilities even if they choose to operate in areas which have passed the environmental impact assessment process.

Tax relief to keep forex in Indonesia

The government will also seek to give tax breaks on foreign exchange earnings from exports which are held in national bank time deposits, as well as tax allowances and tax holidays. The move will hopefully increase Indonesia's locally-held foreign exchange, which in turn will boost the weakening Rupiah.

The tax breaks will be as follows:

- Taxes on foreign exchange earnings from exports held in 1-month time deposits—to be cut to 10% from 20%.
- For foreign exchange earnings from exports held in 3-month time deposits—taxed at 7.5%
- For foreign exchange earnings from exports held in 6 month time deposits—taxed at 2.5%
- For foreign exchange earnings from exports held in 12-month time deposits—taxed at 0%.

Finance Minister Bambang Brodjonegoro announced that the processing times for tax allowance and tax holidays will be as follows:

- Tax allowances: 25 days
- Tax holidays: 45 days

Bonded zones mooted

The government is also planning to create a national logistics centre to help manufacturers source raw materials. Manufacturers in the future will only need to collect import-oriented raw materials at bonded warehouses in Indonesia without having to source them abroad. Bambang said that two bonded zones are being developed. The first will be in Cikarang (West Java) for the manufacturing sector and in Merak (Banten) for the oil and gas sector.

Analysts stress government action crucial

The Managing Director of the Indonesian Stock Exchange Tito Sulistyo noted that the Indonesian bourse in October 2015 will be heavily directed by the government’s performance on a number of points, including:

- Whether it can achieve a budget absorption rate of 85%. The current rate for July-August 2015 is at just 19%.
- If the difference between inflation and the key Bank Indonesia (BI) rate can be kept under 2%. Inflation for January-August is at 2.29% while the BI rate has still been held at 7.5% for the last 7 months.
- Political stability, especially with regional elections coming up.
- How well-received and implemented the tax holiday policies will be.
- Whether at least 75% of Indonesia’s companies can turn a profit.

Tito also called on BI to cut rates to stimulate the capital markets, which have declined by 21.17% since the recent economic downturn. Separately, the Head of Research for PT Universal Broker Indonesia Satrio Utomo noted that Indonesia’s economy recovery will not only depend on rate cuts and government policies, but also on whether the US Federal Reserve plans to hike rates.

Industry captains focus on execution

The Indonesian Employers Association (APINDO) chief Hariyadi Sukamdani said that the private sector is more concerned about how the stimulus is actually implemented rather than the value of the Rupiah. He argued that the future direction of the Rupiah is unpredictable and hence policies should focus on improving the real sector. On the other hand, the Chair of the Indonesian Chambers of Commerce and Industry (KADIN) Suryo Bambang Sulisto urged the government to improve budget absorption rates both at the central and regional levels. This will help stimulate currently moribund sectors.

Analysis

The current slew of stimulus measures will have its work cut out for it especially when one considers that the first economic package has not produced an immediate economic turnaround. For instance, the Rupiah has continued to weaken and at one point touched IDR14,800 per USD. The weakening rupiah, uncertainty over the Federal Reserve’s actions and a weakening of global spending power has hurt Indonesia’s export and production. This in turn has led to a spurt in layoffs, which has thus far affected more than 16,000 workers. This could then lead to further social and political instability.

The first package focused on cutting red-tape and hence its effects are only likely to be felt in the long-run. Moreover, the government has been criticized for not promoting it to the private sector better. The second package is shorter and is targeted towards the industrial, financial and export sectors. However, its final impact remains to be seen as Indonesia’s economy is also dependent on external and psychological factors.

For example, the effectiveness of the cut on taxes for foreign exchange term deposits for instance will still depend on if and when the Fed decides to raise rates. Moreover, conventional investor wisdom still favours the greenback over the Rupiah. At the same time, perceptions towards Indonesia have been hurt by its less than stellar second-quarter growth of 4.67% compared to 5.12% year-on-year.

Because of this, the government must—as has been repeatedly pointed out—work to increase budget absorption rates to stimulate the economy and create jobs. One possible shortcoming moving forward is the lack of incentives for Small and Medium Enterprises (SMEs). The sector is viewed as having helped tide Indonesia through the 2008 monetary crisis, as well as having the potential to create more jobs and be more stable than other sectors.

Source: KRA Research

eTRADE Programme

...wish to have access to new buyers?

About eTRADE

eTRADE is an initiative under Digital Malaysia

to increase SMEs adoption in e-commerce by

participating in international leading e-marketplaces

to reach out to new buyers

Application Open For

Export Ready SMEs

Effective Date

1st Oct 2014

What does eTRADE offer?

In order to boost the adoption of e-commerce among the SMEs to reach out to new buyers, the successful applicants will receive:

E-Voucher	Training	Promotion
Enjoy one-off RM2500 e-voucher to be listed in approved e-marketplace	Get free training from the e-marketplace provider	Opportunity to be listed in Trade Directory published by e-marketplace

Eligibility Criteria

To participate in eTRADE, SMEs must meet the following criteria:

✓ Small and Medium Enterprises (SMEs)

Note: SMEs must be active business entities

1. For Manufacturing (including agro-based):
   Annual sales turnover not exceeding RM50 million (based on the latest Audited Financial Statement) OR
   Full-time employees not exceeding 200 (based on the latest EPF Statement)
2. For Trading:
   Annual sales turnover not exceeding RM20 million (based on the latest Audited Financial Statement) OR
   Full-time employees not exceeding 75 (based on the latest EPF Statement)
3. For Services (excluding real estate, tourism, financial & insurance industry):
   Annual sales turnover not exceeding RM20 million (based on the latest Audited Financial Statement) OR
   Full-time employees not exceeding 75 (based on the latest EPF Statement)
4. For Professional Service Providers (Sole Proprietor or Partnership)
   Incorporated under the Registration of Business Act (1956) / Registered under the respective statutory bodies for professional services providers;
   Annual sales turnover not exceeding RM20 million (based on the latest Audited Financial Statement) OR Full-time employees not exceeding 75 (based on the latest EPF Statement)

✓ At least 60% Malaysian equity

✓ Incorporated under the Companies Act 1965

✓ Exporting made in Malaysia products and/or services

✓ Registered with MATRADE under the Malaysia Exporters Registry (MER)

✓ Minimum Rating of 3 Star under SME Competitiveness Rating for Enhancement (SCORE), OR Export Ready as qualified by MATRADE's Readiness Assessment OR Currently Exporting

Wish to apply? Visit full website at http://www.matrade.gov.my/en/etrade

Number and Value of Preferential Certificates of Origin (PCOs)

Number of Certificates (Provisional data)

	9 Aug 2015	16 Aug 2015	23 Aug 2015	30 Aug 2015	6 Sep 2015	13 Sep 2015	20 Sep 2015	27 Sep 2015
AANZFTA	689	942	1,040	916	727	868	674	1,017
AIFTA	573	742	724	780	577	614	574	597
AJCEP	267	112	211	210	195	236	167	197
ATIGA	4,374	4,399	4,422	4,358	4,506	4,346	3,955	4,037
ACFTA	1,267	1,300	1,505	1,461	1,242	1,307	1,021	1,035
AKFTA	692	739	912	744	755	825	609	755
MICECA	312	289	336	305	239	250	274	302
MNZFTA	12	15	3	3	2	21	2	7
MCFTA	74	53	110	71	65	77	42	57
MAFTA	429	396	449	436	318	414	368	390
MJEPA	759	764	815	966	771	732	754	824
MPCEPA	143	184	186	170	109	155	115	130
GSP	94	117	160	129	144	123	122	159
MTFTA	0	93	239	283	152	321	141	172

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

AANZFTA: ASEAN-Australia-New Zealand Free Trade Agreement (Implemented since 1 January 2010)

ATIGA: ASEAN Trade in Goods Agreement (Implemented since 1 May 2010)

AJCEP: ASEAN-Japan Comprehensive Economic Partnership (Implemented since 1 February 2009)

ACFTA: ASEAN-China Free Trade Agreement (Implemented since 1 July 2003)

AKFTA: ASEAN-Korea Free Trade Agreement (Implemented since 1 July 2006)

AIFTA: ASEAN-India Free Trade Agreement (Implemented since 1 January 2010)

MPCEPA: Malaysia-Pakistan Closer Economic Partnership Agreement (Implemented since 1 January 2008)

MJEPA: Malaysia-Japan Economic Partnership Agreement (Implemented since 13 July 2006)

MICECA: Malaysia-India Comprehensive Economic Cooperation Agreement (Implemented since 1 July 2011)

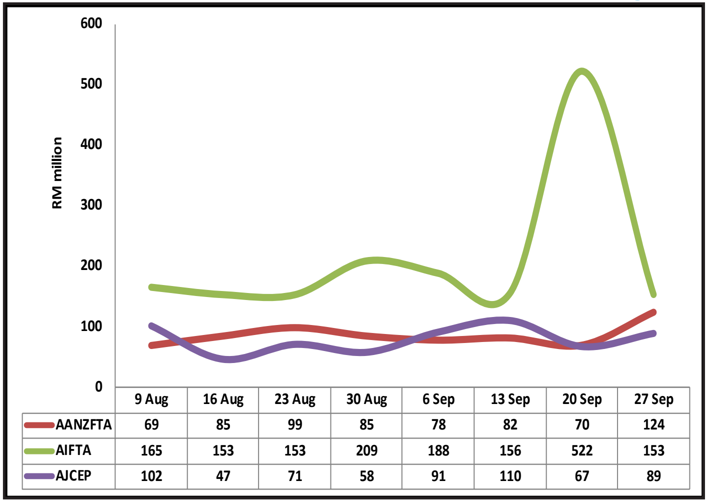
MNZFTA: Malaysia-New Zealand Free Trade Agreement (Implemented since 1 August 2010)

MCFTA: Malaysia-Chile Free Trade Agreement (Implemented since 25 February 2012)

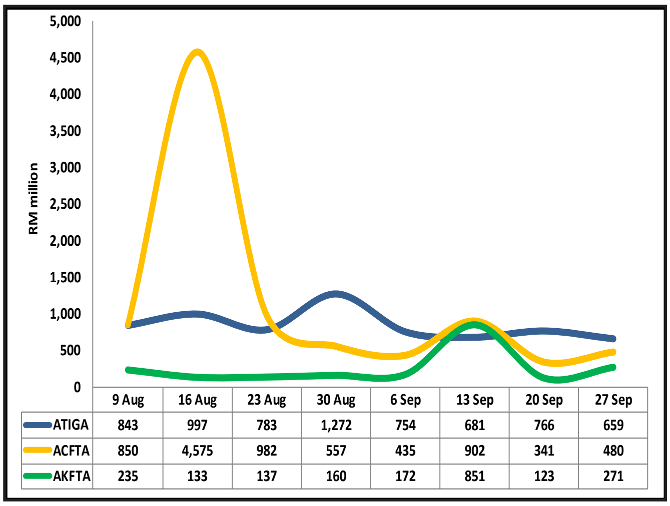
MAFTA: Malaysia-Australia Free Trade Agreement (Implemented since 1 January 2013)

MTFTA: Malaysia-Turkey Free Trade Agreement (Implemented since 1 August 2015)

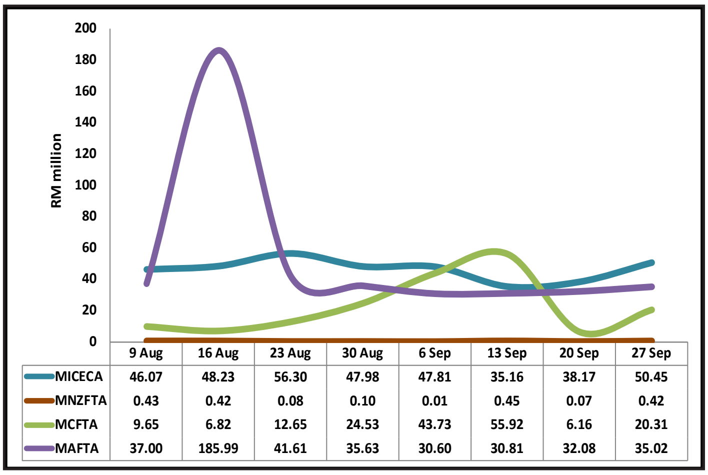
Value of Preferential Certificates of Origin



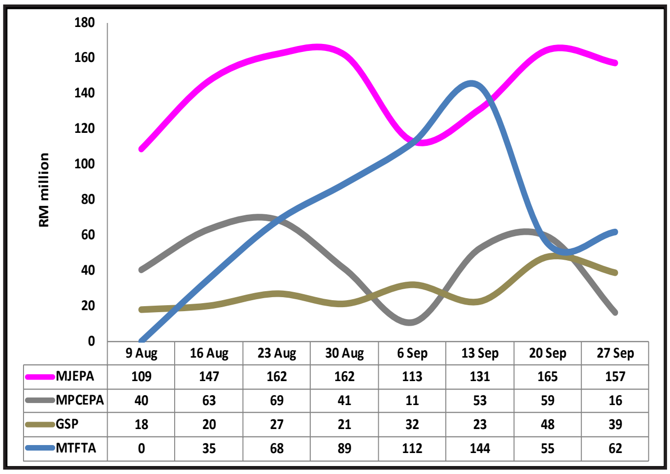
	9 Aug	16 Aug	23 Aug	30 Aug	6 Sep	13 Sep	20 Sep	27 Sep
AANZFTA	69	85	99	85	78	82	70	124
AIFTA	165	153	153	209	188	156	522	153
AJCEP	102	47	71	58	91	110	67	89



	9 Aug	16 Aug	23 Aug	30 Aug	6 Sep	13 Sep	20 Sep	27 Sep
ATIGA	843	997	783	1,272	754	681	766	659
ACFTA	850	4,575	982	557	435	902	341	480
AKFTA	235	133	137	160	172	851	123	271



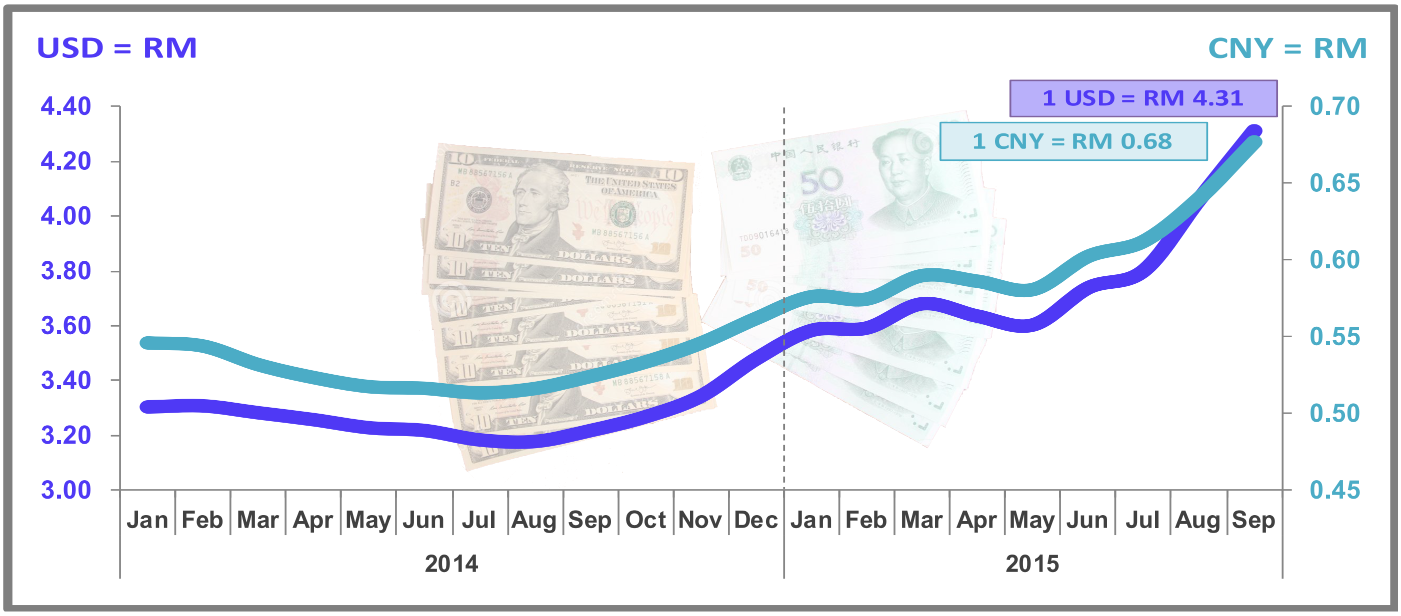
	9 Aug	16 Aug	23 Aug	30 Aug	6 Sep	13 Sep	20 Sep	27 Sep
MICECA	46.07	48.23	56.30	47.98	47.81	35.16	38.17	50.45
MNZFTA	0.43	0.42	0.08	0.10	0.01	0.45	0.07	0.42
MCFTA	9.65	6.82	12.65	24.53	43.73	55.92	6.16	20.31
MAFTA	37.00	185.99	41.61	35.63	30.60	30.81	32.08	35.02



	9 Aug	16 Aug	23 Aug	30 Aug	6 Sep	13 Sep	20 Sep	27 Sep
MJEPA	109	147	162	162	113	131	165	157
MPCEPA	40	63	69	41	11	53	59	16
GSP	18	20	27	21	32	23	48	39
MTFTA	0	35	68	89	112	144	55	62

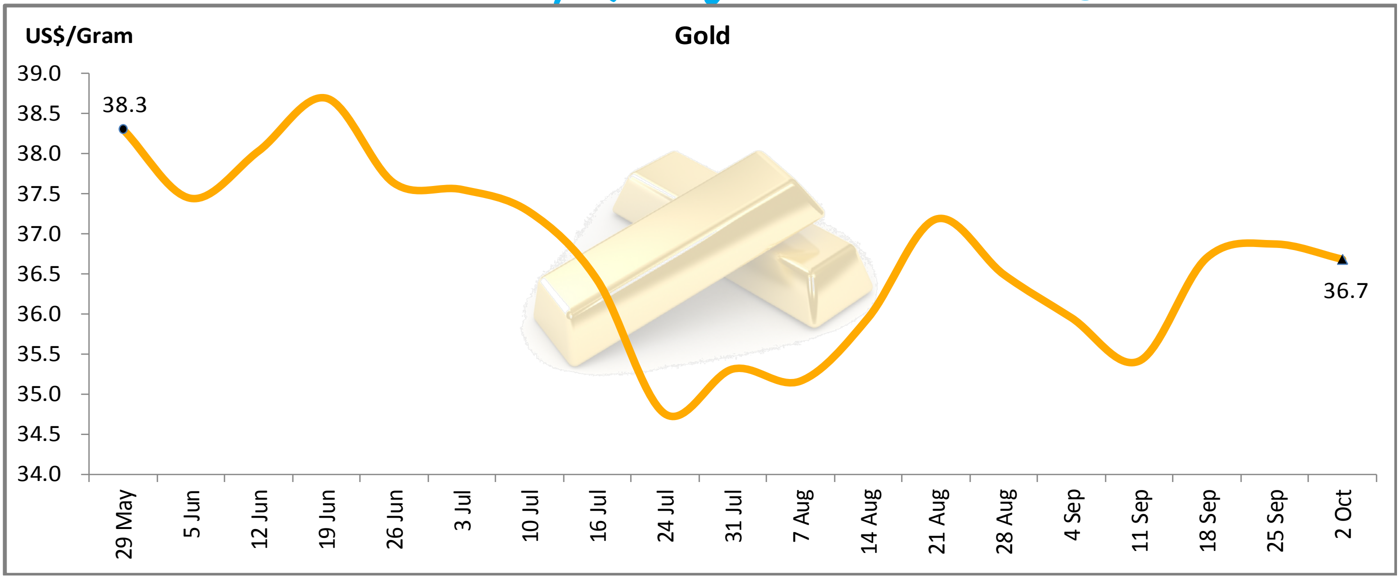
Source: Ministry of International Trade and Industry, Malaysia

Malaysian Ringgit Exchange Rate with US Dollar and Chinese Yuan



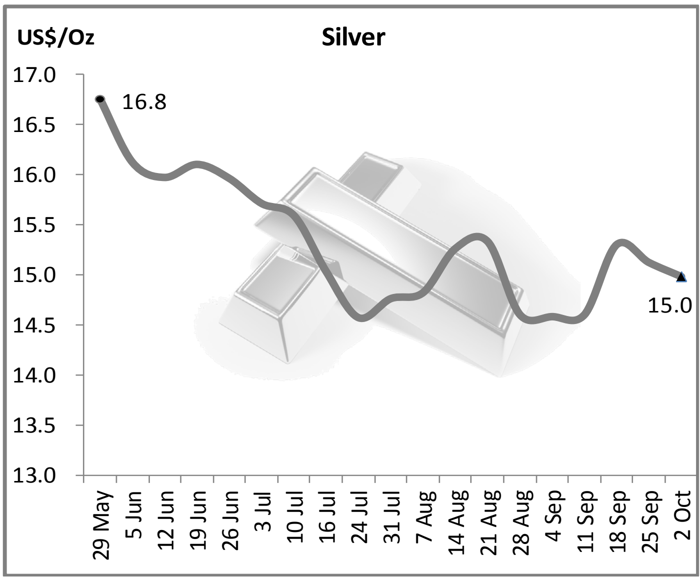
Source : Bank Negara, Malaysia

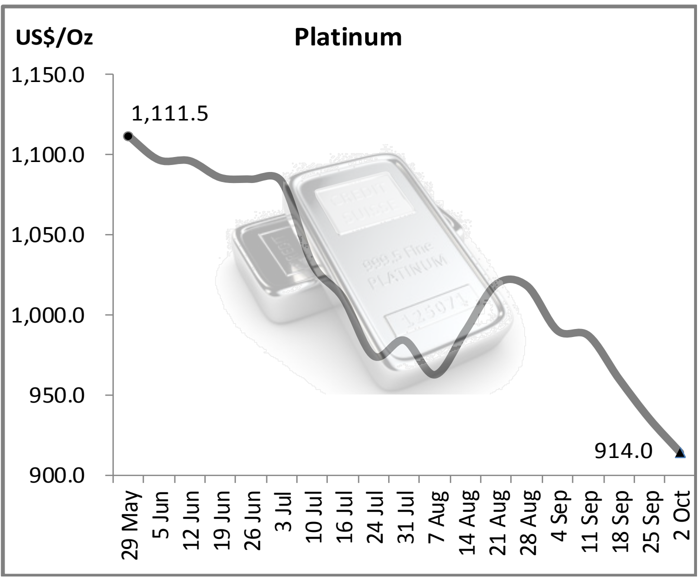
Gold Prices, 29 May - 2 October 2015



Source : http://www.gold.org/investments/statistics/gold_price_chart/

Silver and Platinum Prices, 29 May - 2 October 2015





http://online.wsj.com/mdc/public/page/2_3023-cashprices.html?mod=topnav_2_3023

Commodity Prices

Commodity	Crude Petroleum (per bbl)	Crude Palm Oil (per MT)	Raw Sugar (per MT)	Rubber SMR 20 (per MT)	Cocoa SMC 2 (per MT)	Coal (per MT)	Scrap Iron HMS (per MT)
2 Oct 2015 (US$)	**45.5**	**553.5**	**274.8**	**1,243.5**	**1,910.4**	**46.6**	**250 (high)** **230 (low)**
% change*	↓ **0.4**	↑ **6.0**	↑ **11.8**	↓ **1.5**	↓ **4.9**	↓ **0.6**	**unchanged** **unchanged**
2014[i]	**54.6 - 107.6**	**823.3**	**352.3**	**1,718.3**	**2,615.8**	**59.8**	**370.0**
2013[i]	**88.1 - 108.6**	**805.5**	**361.6**	**2,390.8**	**1,933.1**	**..**	**485.6**

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

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

i Average price in the year except otherwise indicated

n.a Not availble

Highest and Lowest Prices, 2014/2015

Crude Petroleum
(2 Oct 2015)
US$45.5 per bbl

Highest
(US$ per bbl)

2015
29 May 2015: 60.3

2014
13 June 2014: 107.6

Lowest
(US$ per bbl)

2015
21 Aug 2015: 40.5

2014
26 Dec 2014: 54.6

Crude Palm Oil
(2 Oct 2015)
US$553.5 per MT

Highest
(US$ per MT)

2015
16 Jan 2015: 701.0

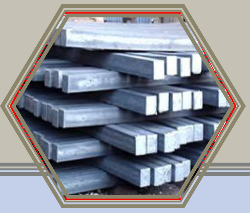
2014
14 Mar 2014: 982.5

Lowest
(US$ per MT)

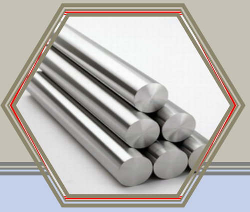
2015
4 Sep 2015: 500.5

2014
26 Dec 2014: 664.0

Average Domestic Prices, 28 Sep 2015



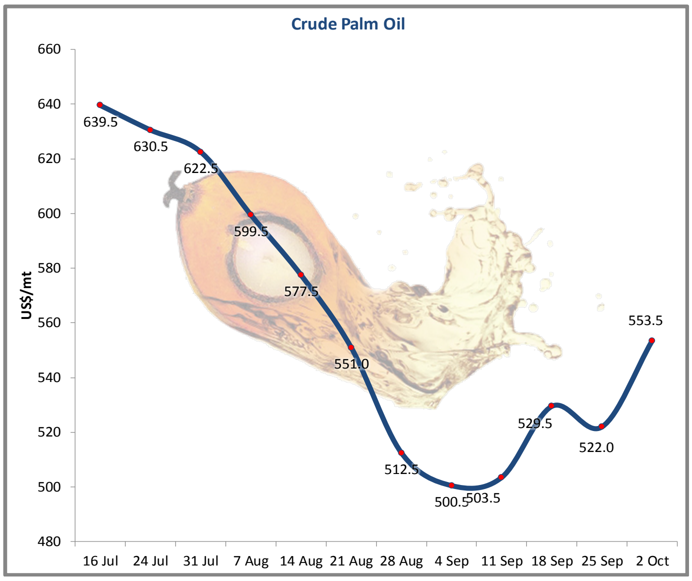
Billets
(per MT)
RM1,300 - RM1,350

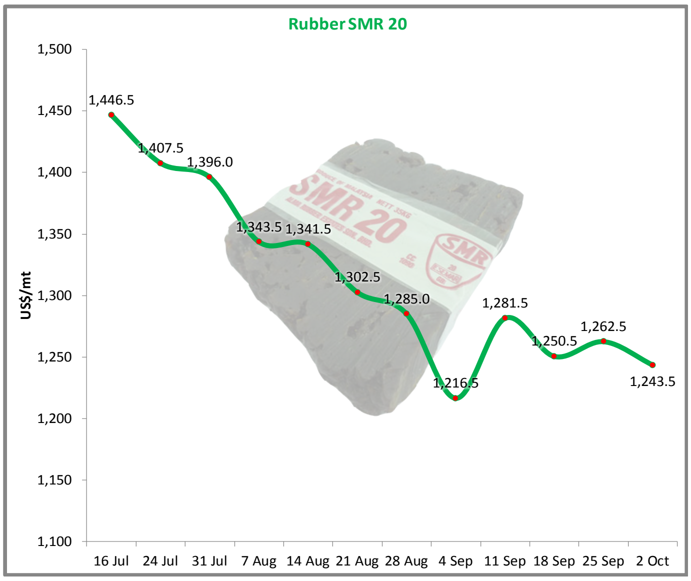


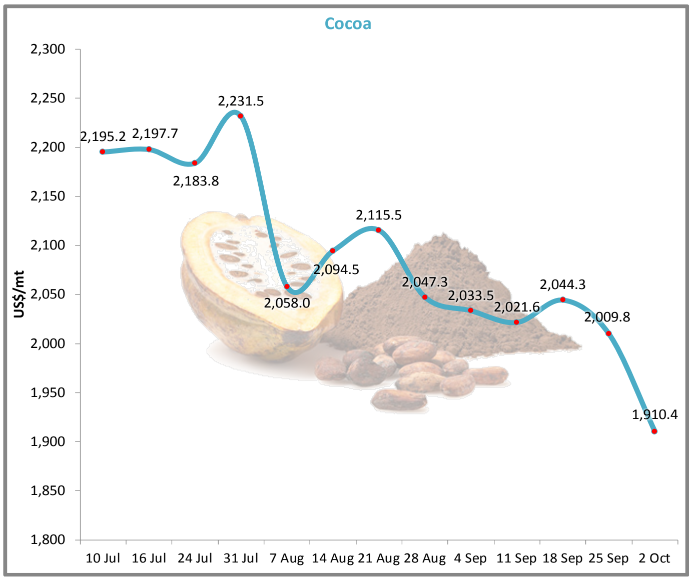
Steel Bars
(per MT)
RM1,520 - RM1,620

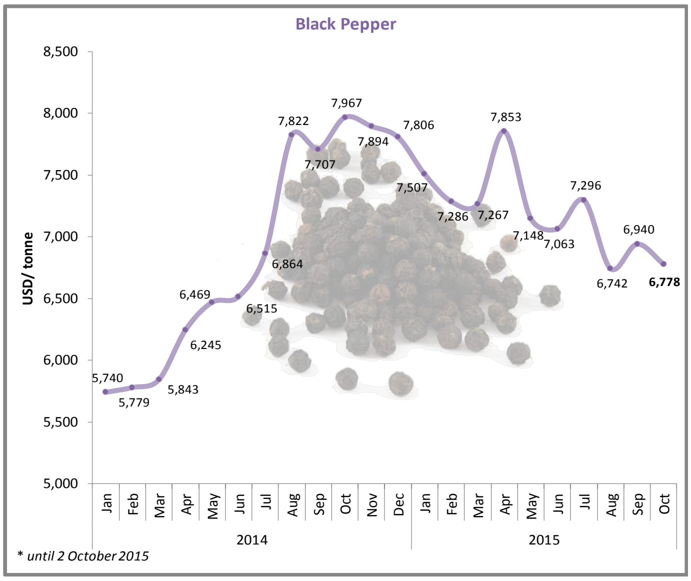
Sources: *Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group.*

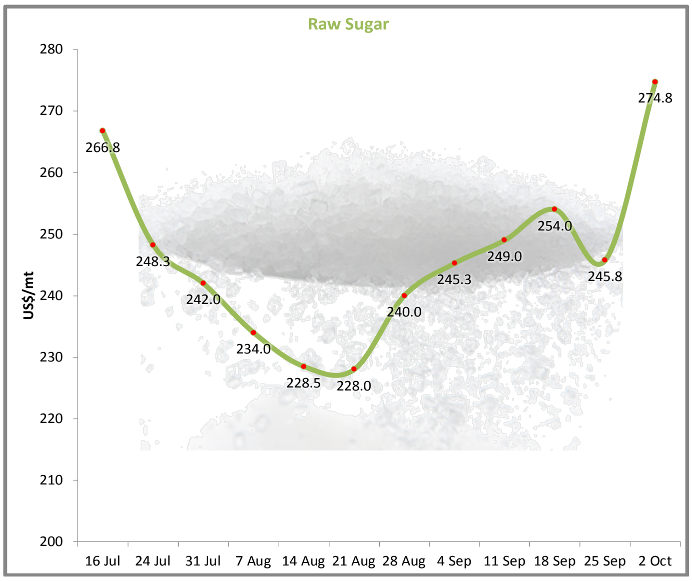
Commodity Price Trends

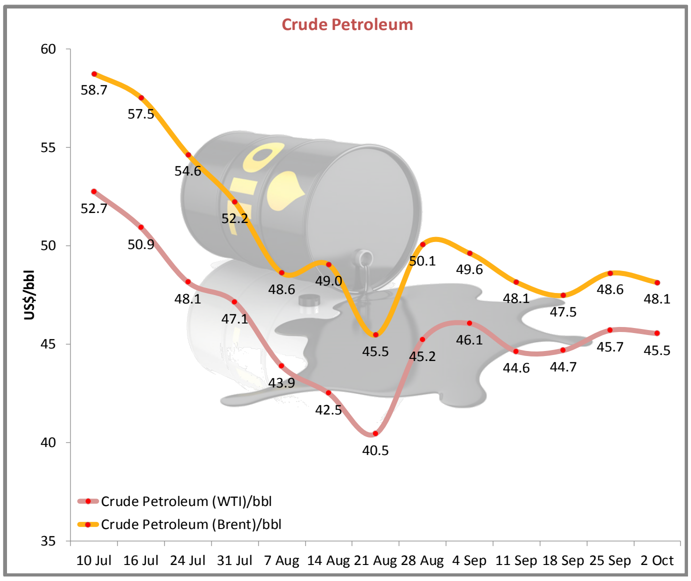






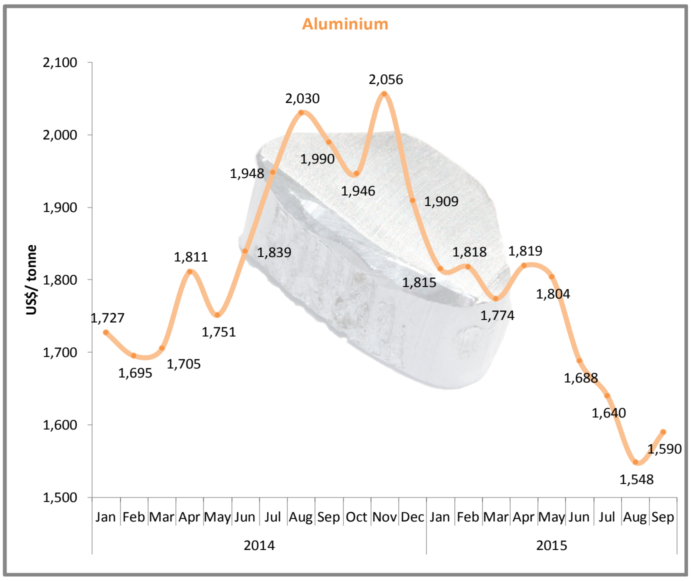


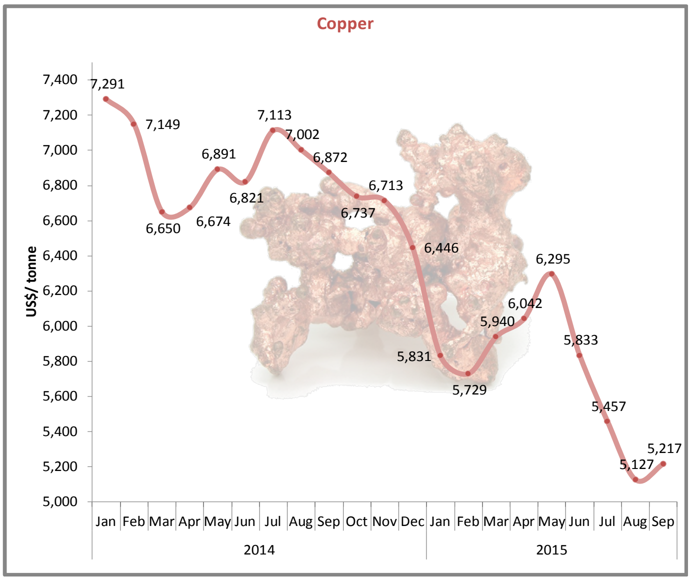


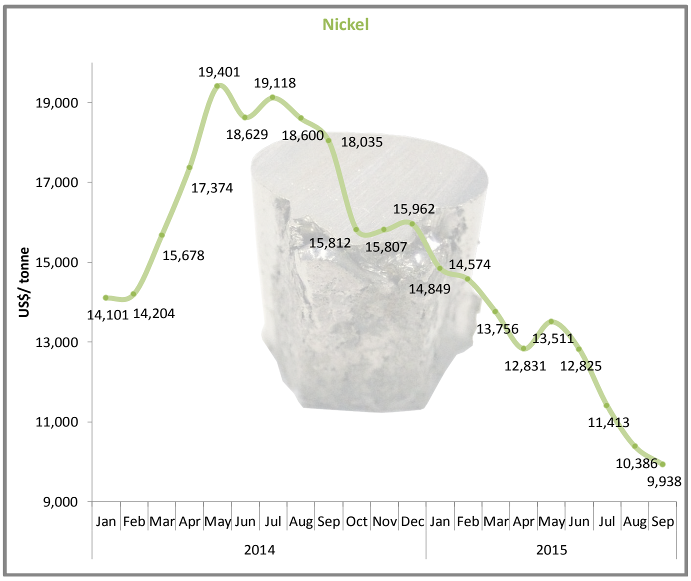


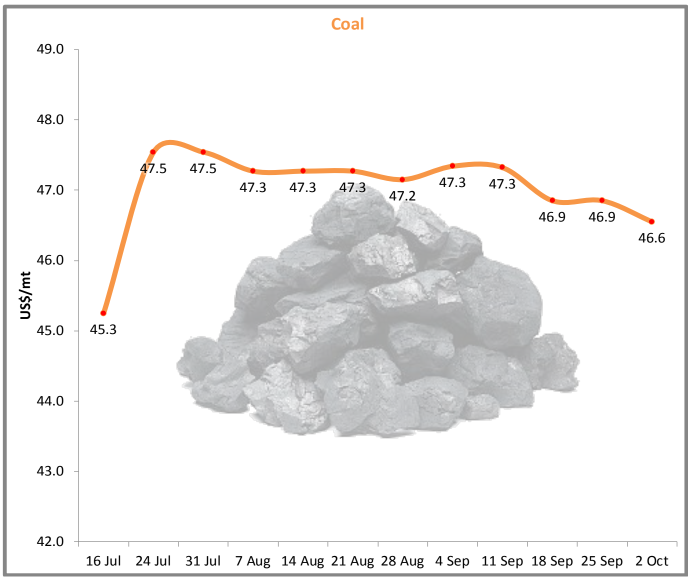
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank.

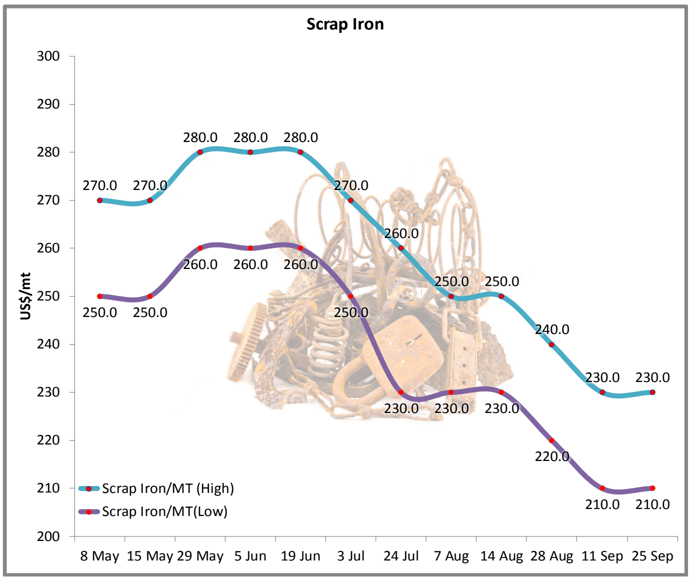
Commodity Price Trends

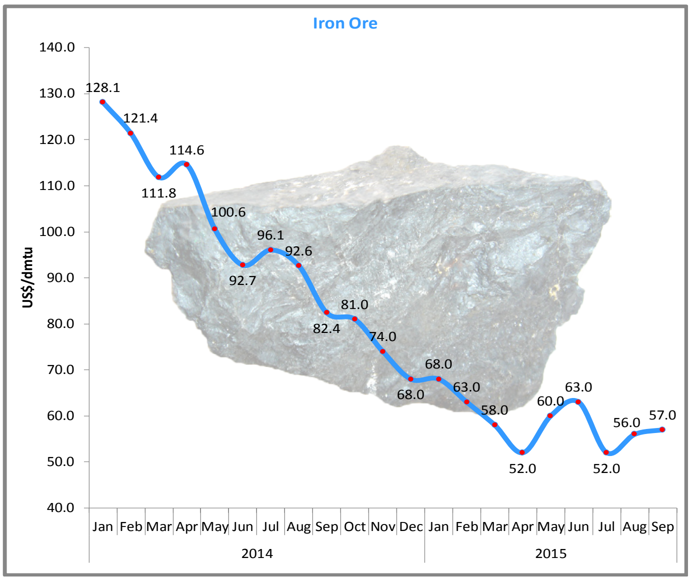












Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank.

NAIM

NAIM HOLDINGS BERHAD

NAIM ENGINEERING SDN BHD

Naim Holding Berhad is an investment holding company. Its two main subsidiaries are Naim Land Sdn. Bhd. (NLSB) and Naim Engineering Sdn. Bhd. (NESB) which are primarily involved in property development and construction activities respectively. Naim Holding Berhad was listed on the Main Board of Bursa Malaysia on 12th September 2003.

CORE BUSINESS:

- Integrated property development
- Construction, civil engineering and infrastructure projects
- Oil and gas

ACCREDITATION AND CERTIFICATION:

- ISO 9001:2008
- ISO 14001:2004

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Preliminary Determination of the Anti-Dumping Investigation with Regard to Imports of Pre-Painted, Painted or Colour Coated Steel Coils Originating in or Exported From the People's Republic of China and the Socialist Republic of Viet Nam

On 28 April 2015, the Government of Malaysia initiated an anti-dumping investigation based on a petition filed by FIW Steel Sdn. Bhd. on behalf of the domestic industry producing Pre-painted; Painted or Colour Coated Steel Coils (PPCCSC). The petitioner alleges that imports of PPCCSC originating in or exported from the People's Republic of China and the Socialist Republic of Viet Nam are being imported into Malaysia at a price lower than the selling price in the domestic market of the alleged countries. The petitioner claimed that this is causing material injury to the domestic industry in Malaysia.

The Government has completed the preliminary investigation as provided under Section 23 of the Countervailing and Anti-Dumping Duties Act 1993 and found that there is sufficient evidence to continue with further investigation on the importation of PPCCSC from the alleged countries. The Government of Malaysia has decided to impose a provisional measure, which shall be in the form of provisional anti-dumping duties guaranteed by a security equivalent to the amount of the dumping margin determined in the preliminary investigation. Provisional anti-dumping duties ranging from 5.68% to 52.10% will be applied on imports from the alleged countries and shall be effective not more than 120 days from the date of the Government Gazette.

Based on the findings of the investigation, a final determination will be made no later than 23 January 2016. Interested parties (importers, foreign producers/exporters and associations related to the investigation) can have access to the non-confidential version of the public report on the preliminary determination by submitting a written request to the Ministry of International Trade and Industry (MITI):

Director
Trade Practices Section
Ministry of International Trade and Industry (MITI)
Level 14, Block 8, Government Offices Complex
Jalan Duta 50622 Kuala Lumpur MALAYSIA
Telephone Number : (603) 6200-0123
Facsimile Number : (603) 6201-6394
E-mail address : alltps@miti.gov.my

Abolishment of FOB Value in the Certificate of Origin Under the ASEAN–Australia-New Zealand FTA (AANZFTA)

The ASEAN Economic Ministers and the Economic Ministers of Australia and New Zealand have agreed to remove the need to state the FOB value in the preferential Certificate of Origin (CO) Form AANZFTA effective 1 October 2015.

This decision is reflected in the First Protocol to Amend the Agreement Establishing the AANZFTA. The Protocol endorsed the amendment to the AANZFTA Operational Certification Procedure (OCP) by amending Rules 6, 7 and 10 of the OCP and box 9 of the CO Form AANZFTA.

The CO Form AANZFTA shall reflect the FOB value in box 9 only when Regional Value Content (RVC) is applied. In cases of multiple items declaration, a continuation sheet can be used to the CO Form AANZFTA. The Protocol also allows a transition period of 6 months from the date of the entry into force of the amendment specifically with regards to accepting the old version of CO Form AANZFTA. Effective 1 April 2016, all exporters have to use the new CO Form in exporting under the AANZFTA. Cambodia and Myanmar have been given additional flexibility where the new requirement will only enter into force for these countries after a 2 year transition period.

The Federal Government Gazette for the amendments related to AANZFTA has been issued on 30 September 2015. The gazette P.U.(A) 220/2015: Customs Duties (Goods under the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area) (Amendment) Order 2015 will take effect from 1 October 2015.

Malaysian manufacturers and exporters are requested to take note of the changes and to follow the new requirements in the submission of Form AANZFTA to MITI HQ or its branch offices for endorsement.

Source: Ministry of International Trade and Industry

Detailed Disclosure of International Reserves as at end-August 2015

In accordance with the IMF SDDS format, the detailed breakdown of international reserves provides forward-looking information on the size, composition and usability of reserves and other foreign currency assets, and the expected and potential future inflows and outflows of foreign exchange of the Federal Government and Bank Negara Malaysia over the next 12-month period.

The detailed breakdown of international reserves based on the SDDS format is shown in Tables I, II, III and IV. As shown in Table I, official reserve assets amounted to USD94,733.8 million, while other foreign currency assets amounted to USD922.6 million as at end-August 2015. As shown in Table II, for the next 12 months, the predetermined short-term outflows of foreign currency loans arising from scheduled repayment of external borrowings by the Government would amount to USD219.9 million. In line with the practice adopted since April 2006, the data excludes projected foreign currency inflows arising from interest income and the drawdown of project loans amounting to USD2,295.4 million in the next 12 months. As shown in Table III, the only contingent short-term net drain on foreign currency assets are Government guarantees of foreign debt due within one year, amounting to USD93.3 million. There are no foreign currency loans with embedded options, no undrawn, unconditional credit lines provided by or to other central banks, international organisations, banks and other financial institutions. Bank Negara Malaysia also does not engage in foreign currency options vis-a-vis ringgit.

Overall, the detailed breakdown of international reserves under the IMF SDDS format indicates that as at end-August 2015, Malaysia's reserves remain usable and unencumbered.

Further details available at the following link:
http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press_all&ac=3268&lang=en

Table I : http://www.bnm.gov.my/index.php?ch=statistic&pg=statistic_reserves&sdate=2015-08-31
Table II: http://www.bnm.gov.my/index.php?ch=statistic&pg=statistic_reserves&sdate=2015-08-31#II
Table III: http://www.bnm.gov.my/index.php?ch=statistic&pg=statistic_reserves&sdate=2015-08-31#III
Table IV: http://www.bnm.gov.my/index.php?ch=statistic&pg=statistic_reserves&sdate=2015-08-31#IV

Assistant Governor's Speech at the Business Continuity Management Conference - "Integrated Risk Management Approach for Maintaining Resilience & Sustainability", 15 September 2015

Puan Jessica (speaker) would like to thank the Disaster Recovery Institute, Malaysia and Sterling Risk Solutions for the invitation to speak at this Business Continuity Management (BCM) conference. Today, the ability of corporations to effectively manage risks has become a key factor that determines the agility and resilience of businesses. Business imperatives are changing so dramatically that risk management has become a more significant part of most organisations out of sheer necessity - largely driven by regulation, the desire to avoid costly sanctions, or to respond to increasing environmental and political risks. In leading organisations, the successful integration of risk management with strategic and commercial decision-making is creating important competitive advantages that are likely to be sustained over the longer term. This distinct organisational strength is one that cannot be easily replicated for the simple reason that building and maintaining a complete organisational response to strategic risk management, unlike say introducing a new product or marketing strategy, is not something that is accomplished within a short period of time.

This morning, I would like to talk about some of the changes we are seeing in the practice of risk management and reflect on important priorities for risk management as observed from our work at Bank Negara Malaysia with the financial industry. I will then offer some brief perspectives on business continuity management and close with some final thoughts on the prospects for the insurance industry in Malaysia to contribute towards the advancement of risk management capabilities across Malaysian businesses.

Changing practices in risk management

Since the financial crisis, risk management practices have come under intense scrutiny. The spectacular failures in risk management in the lead up to the crisis prompted deep reflections on what had gone wrong with risk management systems and practices – not least of all among companies that had invested heavily in sophisticated risk measurement and management systems only to have them ultimately fail to detect or control risk exposures. Closer to home, businesses in Malaysia are currently facing a set of challenging business conditions and some are likely to find themselves ill-prepared to respond to the challenges, with important implications for their future prospects.

So what can we learn about the changing practice of risk management from these experiences? A first observation to my mind concerns the importance of building a strong risk culture supported by governance arrangements that are explicitly aligned to a firm's risk appetite. It is striking that, in the last five years, global standard setting bodies such as the Basel Committee on Banking Supervision have moved to address risk culture, risk appetite setting and risk governance more explicitly in regulatory standards. This was not the case prior to the crisis, when emphasis was predominantly placed on risk management processes and systems, believing that this ought to be sufficient. Organisations largely failed to take into account behavioural biases that play such an important role in senior management decisions which ultimately affect the risks that a company will be willing to take or tolerate. These decisions include how performance targets are set for staff, how incentive structures are designed, and the stature and resources that are provided to risk management functions within the organisation – all of which can create a constant uphill struggle for risk managers to have any meaningful impact on risk outcomes. To illustrate the point, a report published by the Office of Financial Research in the United States observed that much of the advancements in risk management over the last decade have resulted in a highly analytical-focused discipline, while largely ignoring the fundamental drivers of risk-taking that are rooted in more subtle behavioural characteristics.

Within the financial industry, financial institutions in Malaysia are required to establish a well-resourced independent risk management function that reports directly to a board risk committee, and take active measures to promote a prudent risk culture in the organisation. This includes properly designed incentive structures that must reflect risk outcomes. Financial institutions are also required to regularly review their risk management methodologies and processes to account for the changing business environment. This aims to ensure that risk management does not become something one does to check off a box on a list and then forgets about.

A second notable observation has been the broader focus of risk management. While financial risks remain a key focus of risk management practices, risks from reputational, human capital and environmental concerns can have equally significant repercussions for a firm's business. Recovering from reputational damage is a hugely expensive endeavour, takes a long time, and success is often not assured. We have observed in our own work that where institutions take a broader view of risk management in these areas, conversations around the role of risk management at the senior management and board levels are more likely to shift beyond avoiding losses, to enhancing strategic opportunities for improving the institution's competitive position. This itself can have a mutually reinforcing effect of directing more resources towards risk management and creating better synergies between business and risk functions.

While more firms are acknowledging the importance of reputational, human capital and environmental risks, actions however have generally not measured up. Many companies still have weak succession plans in place and remain vulnerable to key-man risks. Few companies have robust risk management frameworks that incorporate measures of how their products and services affect the well-being of consumers or if consumers are being treated fairly, as long as legal exposures are contained. And efforts to adopt triple bottom line approaches to reporting firm performance are only beginning to gain traction. Within Asia, fewer than 10 banking institutions today subscribe to the Equator Principles for assessing and managing the environmental and social risks for projects. Clearly the gap between the existing risk management practices and a whole-of-business approach which fully embraces broader aspects of risks remains large. Regulation and greater shareholder activism will remain important drivers of change, and in my view, so will a new breed of risk managers who effectively integrate traditional and emerging risk perspectives, and who can speak to these perspectives in a compelling and cohesive way to an organisation's key stakeholders.

A third observation that I want to make today relates to the increasing importance of viewing risks over a longer-term horizon, and imagining the unthinkable. I mention these together for a reason. When one is focused on looking both backward and forward over a reasonably long horizon, the universe of what is unthinkable becomes smaller and our vision is less likely to be blinkered by limited experiences of only the most recent past. We are also likely to become more open to broader possibilities of new and emerging risks on the horizon. In the world of creative arts, it is often said that we are limited only by our imagination. I think the same can be said of risk management. If we can stretch our imaginations a little further, then there is a higher chance that risk management will be more proactive in anticipating future problems, especially problems that we may have never encountered before. This requires risk managers to go beyond estimating the probability of risk events occurring, and allowing a greater role for uncertainties, no matter how remote, to feature more prominently in risk management approaches. While easier said than done, innovations like reverse stress testing and the increasing degree of internal and external collaboration that goes into constructing stress testing scenarios are positive indications of how firms are responding to this challenge. On this score at least, risk management is increasingly proving to be more of an art than an exact science.

Organisations also continue to face significant challenges in efforts to break down risk silos and achieve an integrated view of organisational risks that adequately takes into account operational dependencies and common exposures that can significantly amplify risk outcomes. A key challenge often overlooked is the failure to effectively integrate human resource management strategies with enterprise-wide risk management goals. This can create significant inertia, with organisations often falling back to managing risks in silos as the default position. Successful organisations have recognised that silos are fundamentally a cultural phenomenon. If we can build and nurture people within an organisation to be always attuned to risks that may affect the organisation, whatever their nature or origins, then there is a good chance that any system, process and framework constraints will be more easily overcome and less likely to inflict major losses on the organisation. When faced with challenging business and financial conditions and a highly dynamic environment, it is always more important to have excellent people than excellent models.

BCM as part of enterprise risk management

This brings me to the more specific area of business continuity management, or BCM. A paper published in 2008 by the Chartered Management Institute of the United Kingdom found that 76 percent of the survey respondents reported that business continuity management is seen as important in their organisations but only less than half revealed that they have specific business continuity plans. There are several reasons for this which I will not get into here, but a major one is the lack of metrics to measure success in the absence of a major institutional crisis. One commentator put it this way – the return on investment is simply that business stays open.

Two contrasting examples of BCM help to underscore this point. Investigations by the Japanese Government into the Fukushima tsunami disaster revealed material inadequacies in the handling of complex risks associated with managing a nuclear power plant. This was demonstrated in poorly executed emergency procedures in evacuating residents during the incident. Consequently, the operations of the power plant were suspended. In contrast, during the 9/11 attacks on the World Trade Centre, a sustained commitment by a large multinational financial service provider to strengthen its BCM and continuously improve its evacuation procedures over almost a decade, enabled it to reduce the time taken to evacuate its employees from four hours to 45 minutes, saving thousands of lives.

Within the financial sector, a key focus of reforms since the global financial crisis has been on the development of recovery plans which aim to protect the continuity of critical functions and core business lines in a situation of financial stress. Work has also been initiated to implement this in Malaysia. Financial institutions are expected to develop a menu of options for recovering from events of severe stress in order to restore business to a stable condition. These plans must be regularly updated to reflect changes in a firm's business model and operational arrangements. At its most basic level, recovery plans are helping financial institutions to better understand their operational and financial interdependencies and how this can affect recovery options that are available to the institution. Some institutions are finding through this process that their operations have become far too complex to support credible recovery strategies. These institutions are taking or considering steps to restructure parts of the business to achieve wider options for recovery. Indeed, an important development emerging in the recent period has been the more explicit consideration of implications for recovery plans in key strategic decisions, such as decisions to hub operations at a particular location or service provider.

As much as organisational resources are put into enhancements of business continuity management, it is important for businesses to always keep in mind the inherent limitations of business continuity plans and not be lulled into a false sense of confidence that these plans may provide. Scenarios featured in these plans are often based on assumptions, which are a simplification of reality at best. Such scenarios should always be rigorously challenged to account for changing conditions. Business recovery or resumption actions should also contemplate a range of conditions to build agility within the organisation to execute required, but potentially untested, responses. Firms should expect that they will rarely get to a point of precision in their scenario planning and BCM responses. This does not mean that BCM is necessarily reduced to an exercise in futility. A commitment to continuous improvements in BCM is almost certainly likely to prepare firms better for disasters and tail risk events even if those specific events were not exactly contemplated. This is because the organisation will be naturally better at coming together in a crisis, and would be able to leverage on some of the core elements of response plans that have already been developed and tested.

The world today is encountering more extreme disasters such as epidemics and unpredictable weather-related calamities. In our own country, the worst flood disaster experienced in decades last year saw over 250 thousand people displaced with estimated costs of more than two billion ringgit to repair damaged infrastructure. This presents a sober reminder of the responsibility of all corporations to ensure that they are well prepared for and remain resilient against calamities, not just for their own survival, but in the interest of employees and the community that depend on them.

Role and prospects of the insurance industry in advancing risk management

The cost associated with negative tail-risk events will only escalate as business networks grow in complexity. The use of insurance continues to be an important way in which companies can reduce this cost by transferring risks to insurance providers. Insurers are well-placed to assume such risks given their long standing history in risk analytics which enables them to effectively exploit the law of large numbers and benefit from risk pooling. Among emerging economies, however, there is still a sizeable protection gap in spite of the increased frequency and severity of weather related disasters and other natural catastrophes. In 2014, insured losses in Asia only covered about 10 percent of total losses incurred as a result of natural and man-made disasters. Combined insurance premiums written from emerging markets accounted for only 18 percent of global premiums in 2014, against 82 percent recorded from the advanced economies. Given the concentration of growth and development in emerging economies, going forward, the extent of under-insurance is a concern. In many of these economies, efforts are being aggressively pursued to increase awareness of the importance of insurance protection in helping one manage risks, and to develop an effective insurance market to meet these needs.

The insurance industry in Malaysia currently stands at crossroads of implementing important reforms being introduced by Bank Negara Malaysia both in the general and life insurance sectors. The objective of the reforms is to further enhance the competitiveness of the industry, ensure its continued resilience, and encourage greater innovation in solutions offered for households and businesses to better manage risks. To this end, two aspects of the reforms are significant. The first is the progressive strengthening of prudential standards that aim to improve underwriting and risk assessment capabilities within insurance companies, while substantially strengthening incentives for insurers to differentiate themselves in the market. The second is the structural changes that are being introduced to reduce market distortions and drive efficiency improvements. Beyond domestic borders, the Bank also continues to pursue further liberalisation in the cross border provision of insurance in certain sectors, such as the Marine, Aviation and Goods in International Transit (MAT) sector, both to enhance capacity and reduce costs for businesses. This is primarily being advanced under regional integration plans, focusing in particular on ASEAN.

Taken together, the reforms are expected to result in wider product offerings and delivery channels, service quality improvements, greater market transparency, and more differentiated pricing that is reflective of risk.

This will help risk managers for whom the decision to purchase insurance is increasingly driven by wider considerations which go beyond just the intention to transfer risk. Significant advancements in risk management practices and financial innovations have substantially broadened the actions that risk managers can take to control risks. For many companies, insurance solutions are no longer viewed as the only, or even the most important, way to reduce risk exposures. The insurance reforms will allow the industry to better respond to changing demand drivers. Importantly, it will also create opportunities to build stronger partnerships between corporate risk managers, insurance companies and insurance brokers in elevating risk management practices more generally. This includes a wider role envisaged for the industry in providing risk advice to clients, and initiatives to advance the quality and coverage of risk information that is useful to risk managers across a broad spectrum of areas, such as information on hazard exposure, demographic changes and technological risks.

Conclusion

In conclusion, maintaining that delicate balance between extreme risk aversion and well-reasoned risk taking, which is essential for businesses to grow and prosper, will always involve difficult judgements. We should be careful to ensure that advancements in risk management practices are serving to sharpen, and not blunt, such judgements. This requires that investments in people and processes are firmly supported by good information, confidence in a strong risk culture, and compelling risk managers who will ensure that organisations do not become complacent, and remain focused on doing their very best to prepare for any possibility.

Other interesting news by Bank Negara are available at the following link:

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Governor's Opening Address at the Malaysia-OECD High-Level Global Symposium on Financial Well-Being
http://www.bnm.gov.my/index.php?ch=en_speech&pg=en_speech_all&ac=572&lang=en

Governor's Speech at the Launch of Financial LATeracy in conjunction with opening of Special Exhibition on Financial Literacy
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