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DRIVING TRANSFORMATION, POWERING GROWTH

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Trade Performance for the Period of January- February 2018



February 2018 trade surplus at RM9.02 billion

Malaysia registered a trade surplus of RM9.02 billion in February 2018, **the 244th consecutive month of trade surplus since November 1997**. Exports amounted to RM70.34 billion, contracted marginally by 2% compared to RM71.79 billion recorded in February 2017. Imports decreased by 2.8% to RM61.32 billion. The contraction in both exports and imports was mainly due to **seasonal shorter working days during the Lunar festival**.

Total trade in February 2018 amounted to RM131.67 billion, decreased by 2.4% compared to February 2017. Lower trade was registered with ASEAN, Japan, Saudi Arabia, the United Arab Emirates (UAE) and Australia. **Expansion in trade however were seen with major trading partners**, namely Hong Kong SAR, the European Union (EU), China, the Republic of Korea (ROK) and Taiwan. On a month-on-month (m-o-m) basis, exports, imports and total trade declined by 15.1%, 16.2% and 15.6%, respectively.

Total trade for the first two months of 2018 amounted to RM287.64 billion, grew by 6.3% compared to the same period of 2017. Exports increased by 7.8% to RM153.16 billion while imports rose by 4.6% to RM134.48 billion. Trade surplus surged by 38.7% to RM18.69 billion compared to the corresponding period of 2017.

Export Performance of Major Sectors

Manufactured Goods Sustained Exports in February 2018

Exports of manufactured goods in February 2018 increased by 1.5% y-o-y or RM875.4 million to RM58.34 billion, accounting for 82.9% of Malaysia's total exports. The expansion was mainly on account of higher exports

of petroleum products which increased by RM1.18 billion. Other products contributed to the increase were manufactures of metal, optical and scientific equipment as well as transport equipment.

Exports of mining goods contracted by 10.2% to RM6.14 billion, constituting 8.7% of Malaysia's total exports. This was mainly due to lower exports of liquefied natural gas (LNG) as well as metalliferous ores and metal scrap.

Exports of agriculture goods which accounted for 7.4% of total exports contracted by 23.3% to RM5.2 billion on account of lower exports of palm oil and palm oil-based agriculture products. M-o-m, exports of manufactured, mining and agriculture goods declined by 14.6%, 15.3% and 20.1%, respectively.

In the first two months of 2018, exports of manufactured goods expanded by 10.9% to RM126.64 billion compared to the corresponding period of 2017, mainly led by exports of E&E products, petroleum products, chemicals and chemical products, manufactures of metal as well as optical and scientific equipment. Exports of mining goods decreased by 1% to RM13.39 billion, due to reduced exports of metalliferous ores and metal scrap as well as petroleum condensates and other petroleum oil. Exports of agriculture goods contracted by 9.3% to RM11.7 billion, with lower exports of palm oil and palm oil-based agriculture products as well as natural rubber.

Import Performance

In February 2018, imports decreased by 2.8% y-o-y to RM61.32 billion. The three main categories of imports by end use were:

- Intermediate goods, valued at RM32.82 billion or 53.5% of total imports, decreased by 14.7%, following lower imports of primary fuel and lubricants, particularly bituminous mineral waxes;
- Capital goods, valued at RM7.74 billion or 12.6% of total imports, expanded by 6%, due mainly to higher imports of industrial transport equipment, particularly aircraft and parts; and
- Consumption goods, valued at RM5.15 billion or 8.4% of total imports, increased by 12.6%, as a result of higher imports of semi-durables mainly apparel and clothing, knitted and crocheted.

During the first two months of 2018, imports amounted to RM134.48 billion, an increase of 4.6% from the corresponding period of 2017. Intermediate goods totalled RM70.56 billion, decreased by 8.2%, capital goods (RM17.03 billion, 0.8%) and consumption goods (RM11.46 billion, 11.1%).

MEDIA RELEASE

DFTZ : eCommerce Exports Gaining Momentum

- 70 SME manufacturers participating in the DFTZ SME Onboarding Programme under eTrade have already generated total sales of RM52.1 million, with exports amounting to RM18.1 million, since November 2017.
- Number of SMEs participating in the DFTZ SME Onboarding Programme have increased to 2,651
- Expansion of DFTZ beyond KLIA Aeropolis in 2018
- More interest by investors to set up eFulfilment hubs in DFTZ

SEPANG, 9 APRIL 2018 – The Digital Free Trade Zone (DFTZ) Pilot Project which was launched by YAB Prime Minister together with Jack Ma in March last year is continuing to make great strides in further boosting Malaysia's eCommerce growth.

MITI Minister, YB Dato' Sri Mustapa Mohamed reaffirmed this during his recent visit to the KLIA Air-Cargo Terminal 1 (KACT1) at KLIA, together with other eCommerce players responsible for the implementation of the National eCommerce Strategic Roadmap (NeSR). Dato' Sri Mustapa chairs the National eCommerce Council (NeCC) which oversees the overall development of the eCommerce agenda. The NeCC, comprising 26 Ministries and Agencies, was established to drive the implementation of the roadmap towards doubling Malaysia's eCommerce growth rate and reach a GDP contribution of RM 211 billion by 2020.

Preliminary data provided by MATRADE through the eTRADE Outcome Assessment 2017 highlighted that 70 SME manufacturers participating in the DFTZ SME Onboarding Programme have already generated total sales of RM52.1 million with exports amounting to RM18.1 million.

Dato' Sri Mustapa further highlighted that to date, 2,651 SMEs have already been onboarded onto the DFTZ since November 2017. Currently, MITI, MDEC, SME Corp and MATRADE are focusing on encouraging more SMEs to be involved in the DFTZ, not only on Alibaba.com but also through other e-marketplaces such as Qoo10, Amazon, eBay, Trade India as well as local eMarketplaces such as Dagang Halal, Aladdin Street, and BuyMalaysia. These will provide more choices in terms of cost and market access for SMEs to fully enjoy the benefits of DFTZ.

"The recent announcement of RM50 million to execute the WIRA eDagang DFTZ initiative for the next three years will encourage more Bumiputera eCommerce companies to compete globally," he further added.

Datuk Yasmin Mahmood, CEO, Malaysia Digital Economy Corporation (MDEC) said, "To further boost the eCommerce export agenda, MDEC is collaborating with Lazada to run a pilot programme for SMEs to export to Singapore; I am pleased that Lazada is offering an added incentive – in that Lazada will be onboarding these companies with no fees. There will also be heightened focus on B2C and B2B activities: We are expanding the scope of engagements to include government agencies TERAJU and MARA - as well as other associations such as PIKOM [Malaysia ICT Industry Association]. Other organisations include eCommerce platform providers such as EasyStore, SiteGiant, and payment gateway - and logistics players such as Aramex, POS Malaysia, and Transcargo. We are looking forward to getting many more SMEs to onboard DFTZ."

Datuk Yasmin also pointed to successful campaigns such as the MarchExpo Pavilion promotion launched on 6 March, which is an



annual ground-breaking global online shopping festival, created for global buyers from more than 190 countries and across all industries, and was a key collaboration between DFTZ and Alibaba.com. The objectives include helping to increase exposure and demand for Malaysian exporters especially in the popular categories such as food & beverage, rubber & plastics, furniture, and machinery. About 200 SMEs received 3.5 days of intensive training.

In addition, the Gateway to China seminar on 27-28 March, which attracted 600 SMEs, was designed to help Malaysian SMEs to better understand the China market and give insights and tools to engage China's prosperous eCommerce market. One-to-one business matching sessions helped to identify a dozen key Malaysian products for the first wave of promotions to China. The overall potential sales recorded are RMB 15 million (RM9.2 million) to RMB 50 million (RM30.6 million) via Tmall Direct Import.

The DFTZ Pilot Project is currently located at KACT1, KLIA, which is operated and managed by Pos Aviation Sdn. Bhd. As part of its expansion plan, Pos Malaysia is currently engaged in securing other key eMarketplaces to utilise DFTZ as their regional eFulfilment hub. To date, AllSome (a fulfilment and logistics provider based in China) and Mister eCommerce (an eCommerce solution provider) have been identified as the next group of users in the DFTZ ecosystem.

This year, the Government is also planning to expand the DFTZ beyond KLIA to include all modes of connectivity, namely sea, land and rail, with Port Klang as well as Penang and Senai international airports identified as priority areas for expansion.

In terms of new investments in the eCommerce sector, since 2016, five (5) regional eFulfilment hubs have been established in Malaysia namely by Pos Malaysia, SnT Global Logistics Sdn Bhd, YCH Logistics Sdn. Bhd. collaborating with Zalora to set-up Zalora's Regional Distribution Hub in Shah Alam and most recently FM Global Logistics Sdn Bhd and Xin Hwa Trading and Transport Sdn Bhd. MIDA is currently working towards attracting other players to set up their eFulfilment facilities in Malaysia including Lazada who is supporting Alibaba's fulfilment activities in this region.



Trade Performance, January - February 2018



Total Trade
RM287.6b
(↑ 6.3%)



Exports
RM153.2b (↑ 7.8%)

Imports
RM134.5b (↑ 4.6%)



Trade Balance
RM18.7b
(↑ 38.7%)

Imports by End Use & BEC

Intermediate Goods

52.5% share
RM70.6b (↓ 8.2%)



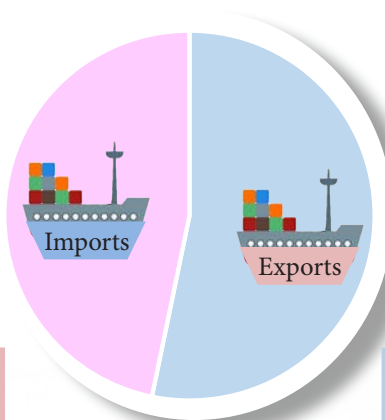
Capital Goods

12.7% share
RM17.0b (↑ 0.8%)



Consumption Goods

8.5% share
RM11.5b (↑ 11.1%)



Exports of Major Products

E&E Products



36.7% share
RM56.3b (↑ 13.6%)

Petroleum Products



8.2% share
RM12.5b (↑ 10.3%)

Chemicals & Chemical Products



7.8% share
RM11.9b (↑ 8.9%)

Major Trading Partners

China



Exports ↑ 3.3%
Imports ↑ 11.2%

Exports RM18.7b
Imports RM27.8b

Singapore



Exports ↑ 1.3%
Imports ↑ 23.0%

Exports RM20.9b
Imports RM16.3b

USA



Exports ↑ 6.0%
Imports ↓ 3.6%

Exports RM14.2b
Imports RM10.2b

Japan



Exports ↓ 6.9%
Imports ↓ 3.2%

Exports RM12.6b
Imports RM9.4b

Thailand

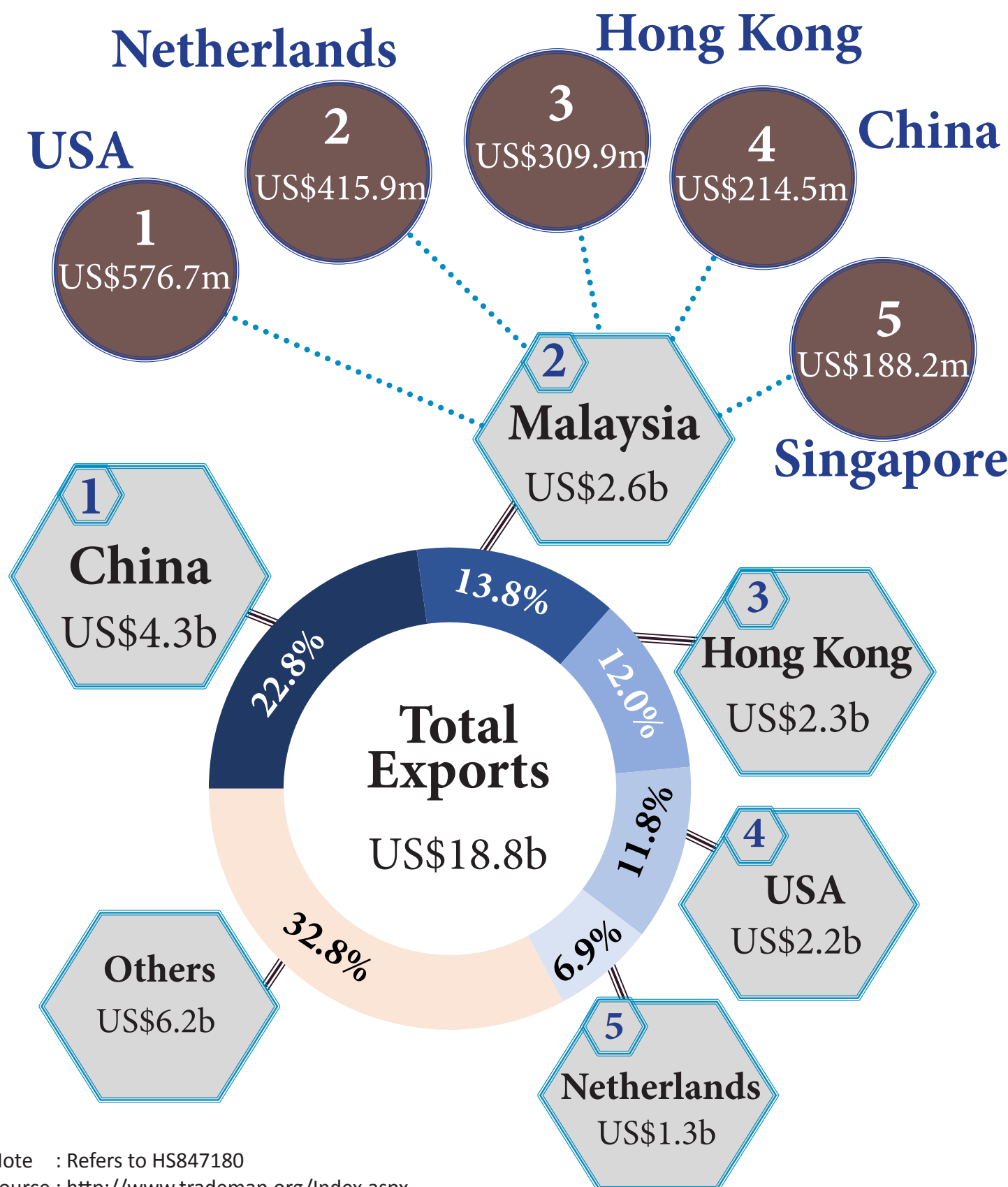


Exports ↑ 6.7%
Imports ↓ 1.0%

Exports RM8.9b
Imports RM7.3b

Source: Department of Statistics, Malaysia

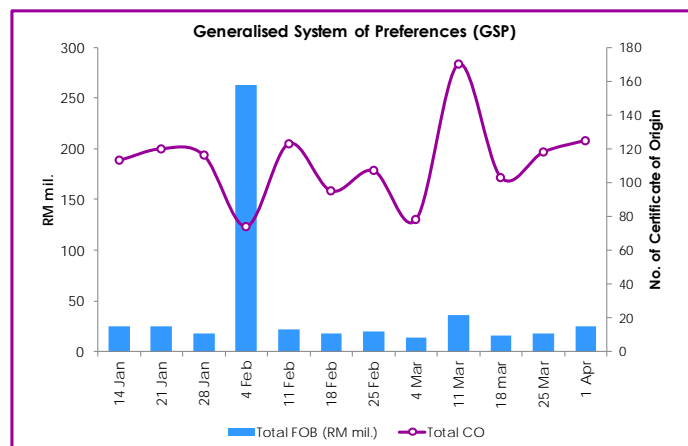
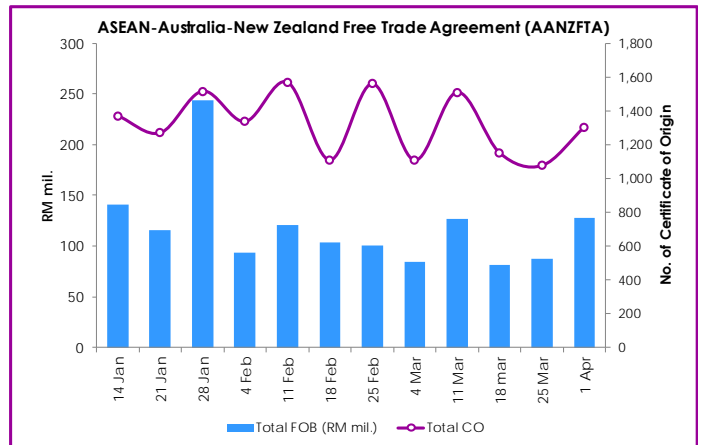
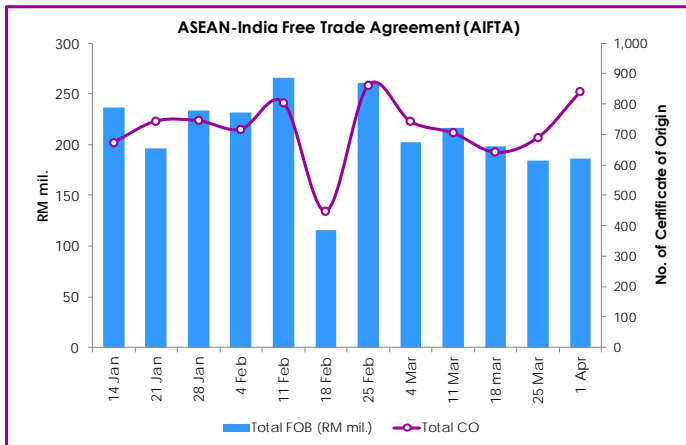
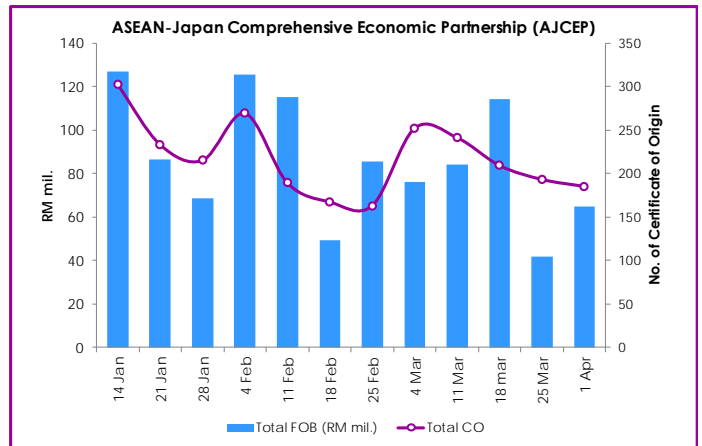
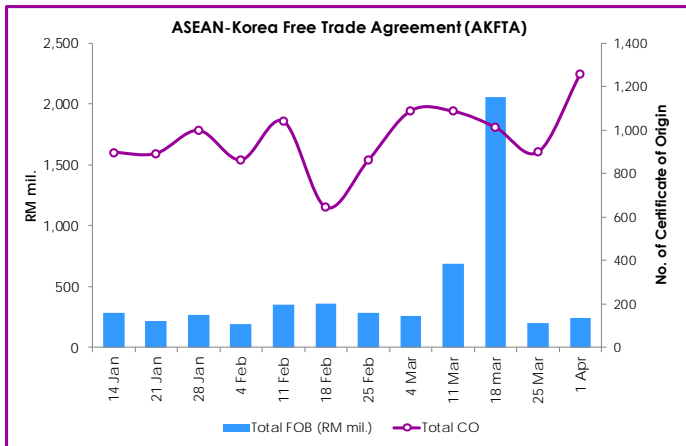
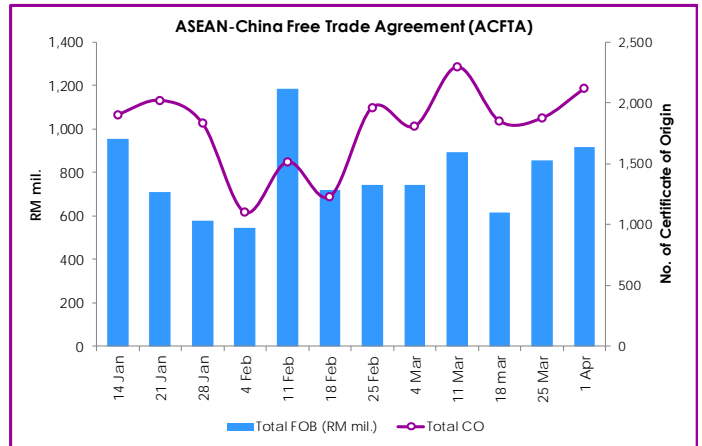
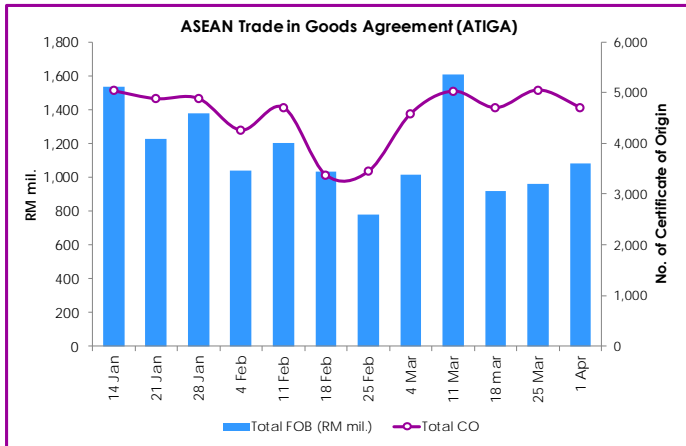
Malaysia as the Second Largest Exporter of Automatic Data-Processing Machines with Top Five Export Destinations 2016



Note : Refers to HS847180

Source : <http://www.trademap.org/Index.aspx>

Number and Value of Preferential Certificates of Origin (PCOs)

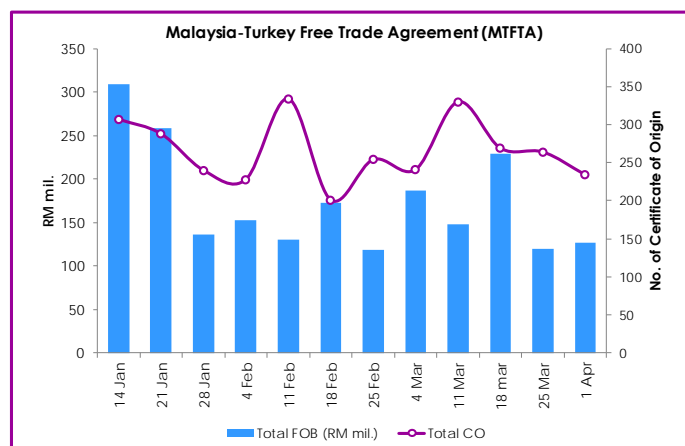
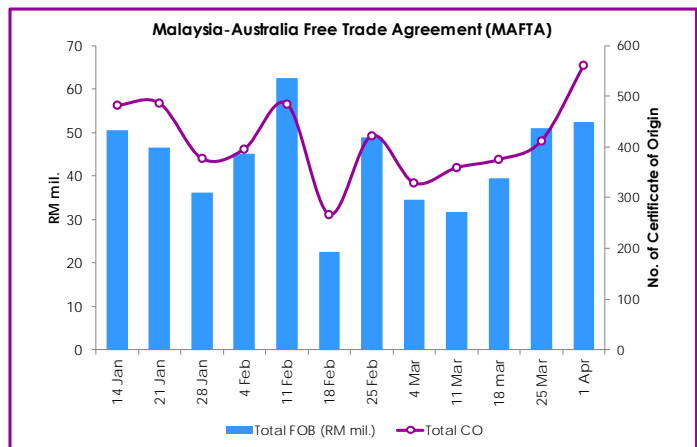
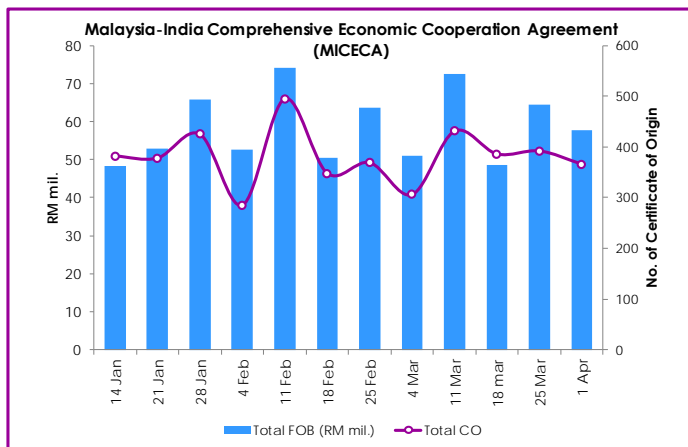
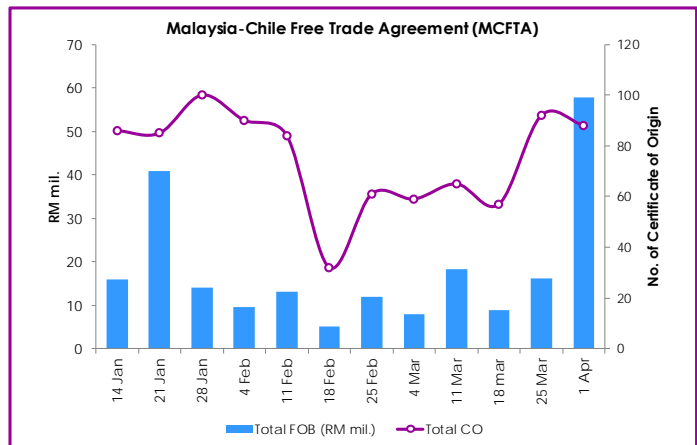
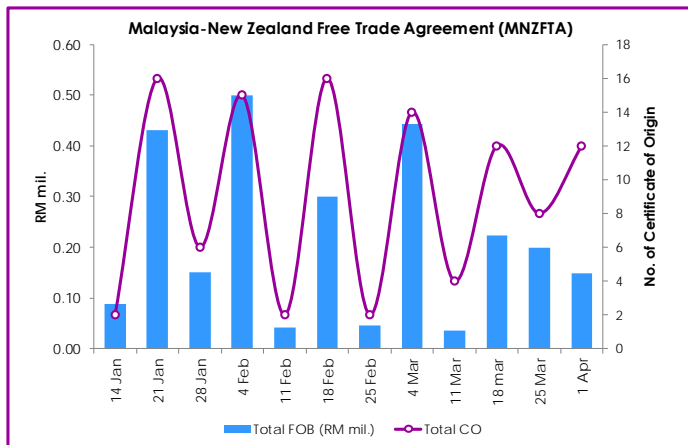
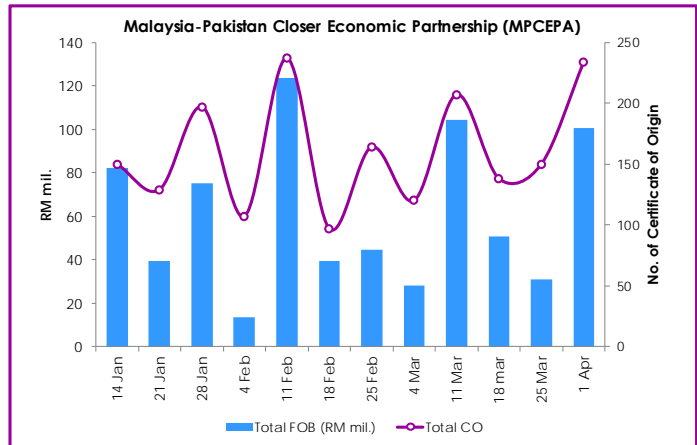
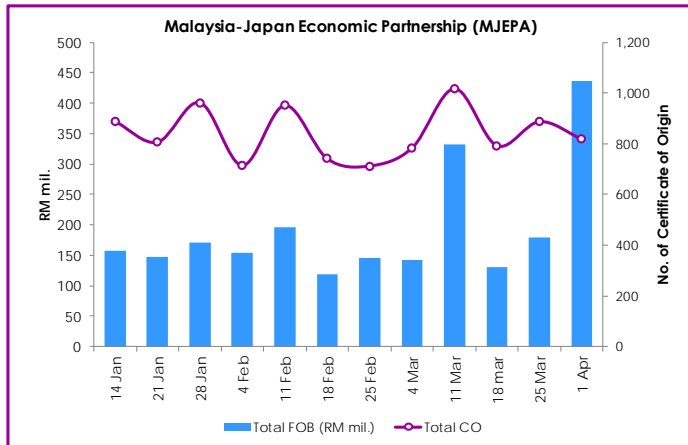


Note: The preference giving countries under the GSP scheme are Liechtenstein, the Russian Federation, Japan, Switzerland, Belarus, Kazakhstan and Norway.

Note: *Provisional Data

Source: Ministry of International Trade and Industry, Malaysia

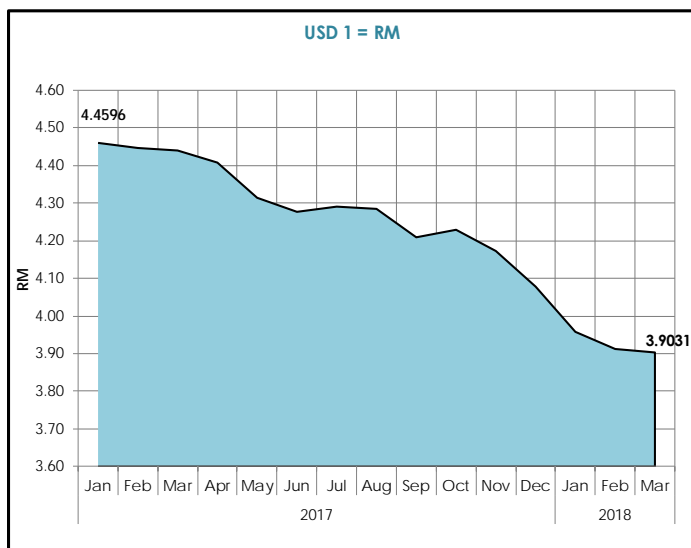
Number and Value of Preferential Certificates of Origin (PCOs)



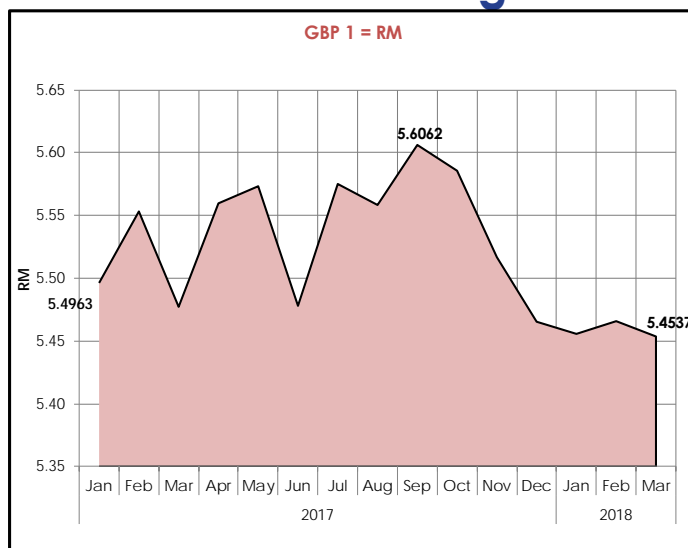
Note: *Provisional Data
Source: Ministry of International Trade and Industry, Malaysia

Malaysian Ringgit Exchange Rate with Selected Countries, January 2017 - March 2018

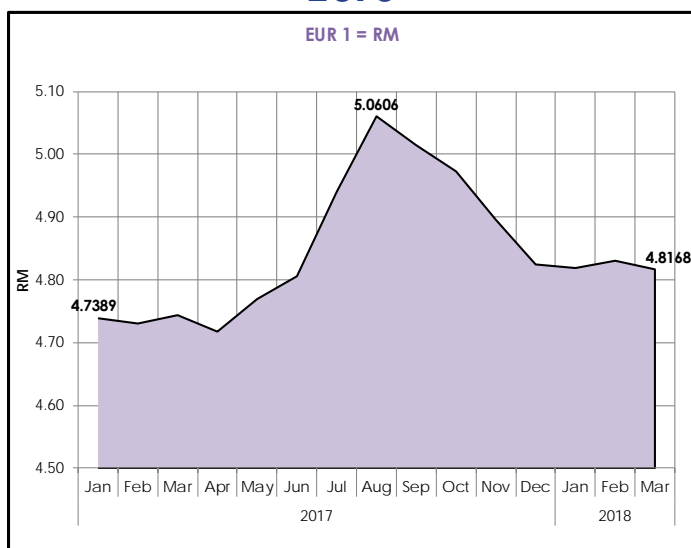
US Dollar



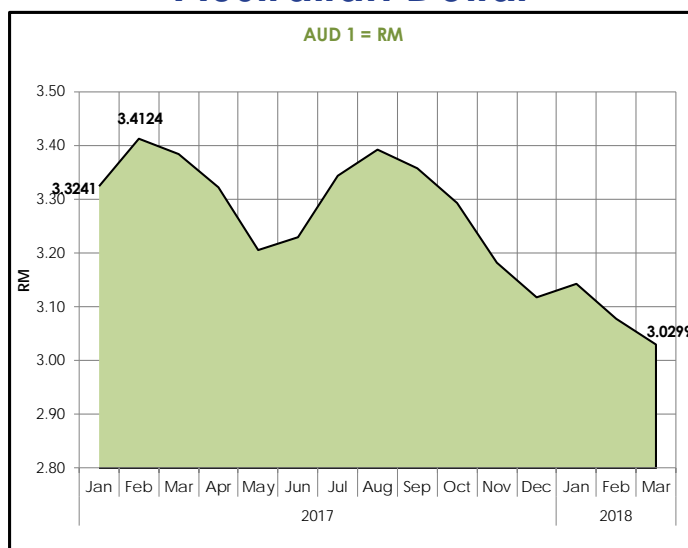
Pound Sterling



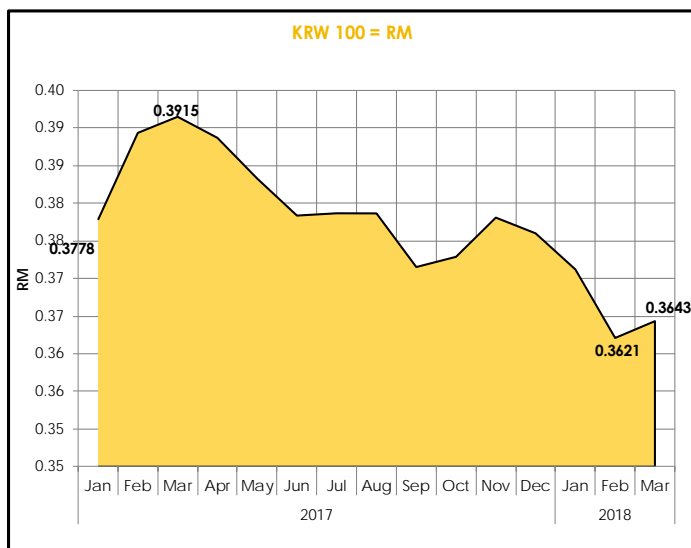
Euro



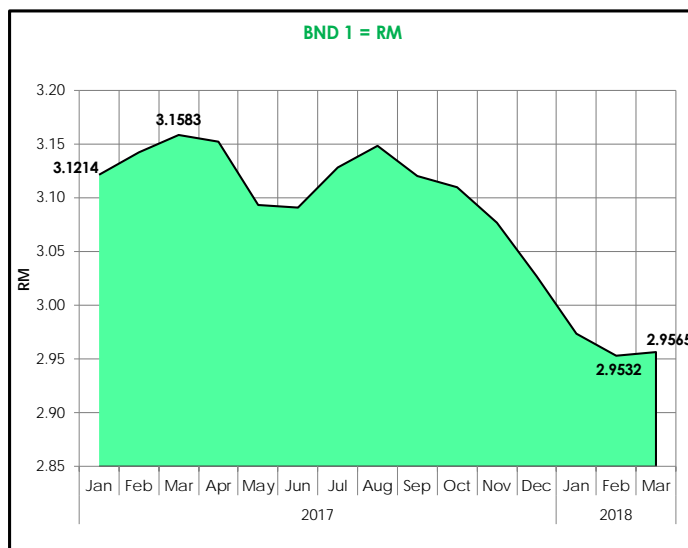
Australian Dollar



South Korean Won



Brunei Dollar



Source : Bank Negara Malaysia

Commodity Prices



CRUDE PETROLEUM (BRENT) -per bbl-

6 Apr 2018 : US\$67.1, ▼ 4.5%*
Average Priceⁱ: 2017: US\$55.0
2016: US\$45.3



CRUDE PALM OIL -per MT-

6 Apr 2018 : US\$675.8, ▼ 0.2%*
Average Priceⁱ: 2017: US\$719.7
2016: US\$702.2



SUGAR -per lbs-

6 Apr 2018 : US¢ 12.3, ▼ 0.1%*
Average Priceⁱ: 2017: US¢15.8
2016: US¢18.2



RUBBER SMR 20 -per MT-

6 Apr 2018 : US\$1,353.0, ▼ 2.3%*
Average Priceⁱ: 2017: US\$1,646.6
2016: US\$1,394.5



COCOA SMC 2 -per MT-

6 Apr 2018 : US\$1,672.5, ▼ 2.7%*
Average Priceⁱ: 2017: US\$1,439.0
2016: US\$1,609.8



COAL -per MT-

6 Apr 2018 : US\$59.2, ▼ 2.6%
Average Priceⁱ: 2017: US\$57.2
2016: US\$45.6



SCRAP IRON HMS -per MT-

30 Mar 2018 : US\$410.0 (high), unchanged
US\$395.0 (low), unchanged
Average Priceⁱ: 2017: US\$314.5
2016: US\$243.2

HIGHEST and Lowest 2017/2018

Crude Petroleum (Brent) -per bbl-



Highest

26 Jan 2018 : US\$70.5
29 Dec 2017 : US\$66.9

Lowest

9 Feb 2018 : US\$62.8
23 June 2017 : US\$45.5

Crude Palm Oil -per MT-



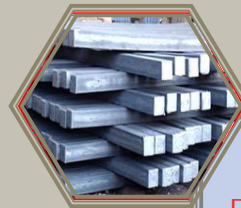
Highest

9 Mar 2018 : US\$691.5
20 Jan 2017 : US\$843.0

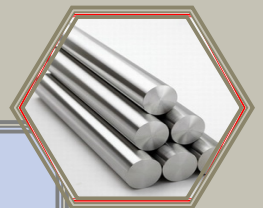
Lowest

23 Feb 2018 : US\$653.5
30 June 2017 : US\$650.0

Domestic Prices 30 Mar 2018



Billets
(per MT)
RM2,200 – RM2,250



Steel Bars
(per MT)
RM2,600 – RM2,750

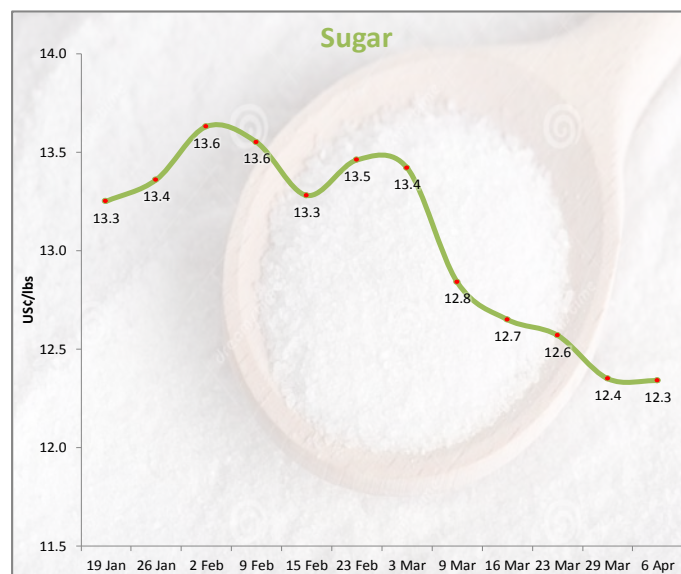
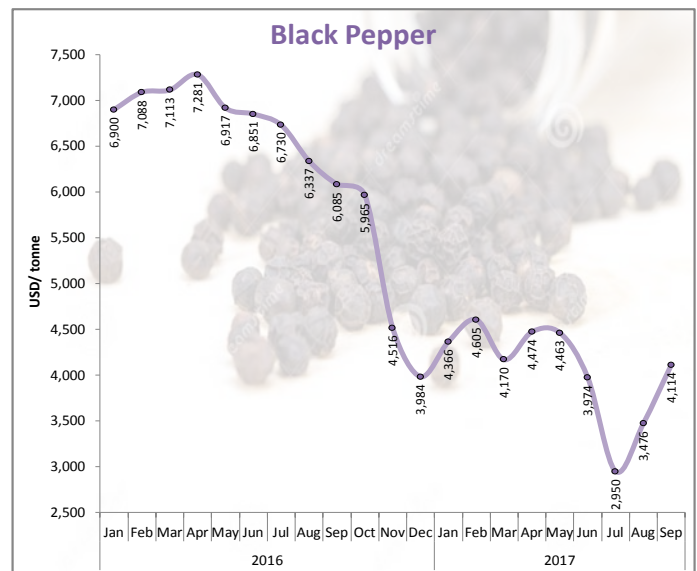
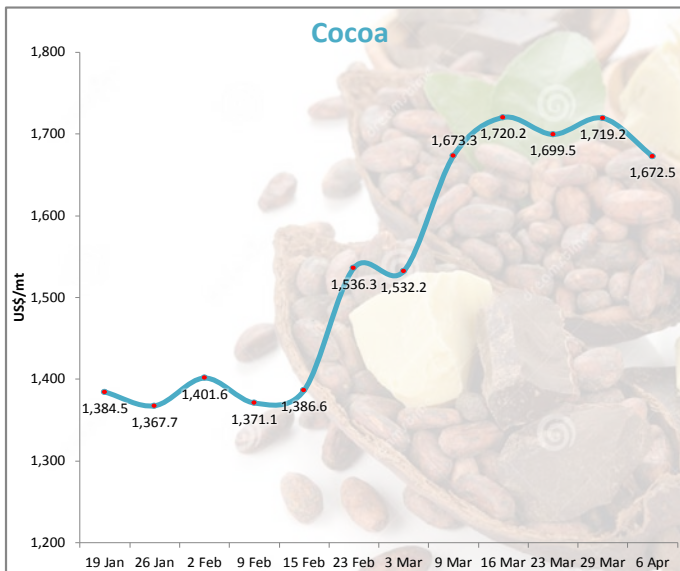
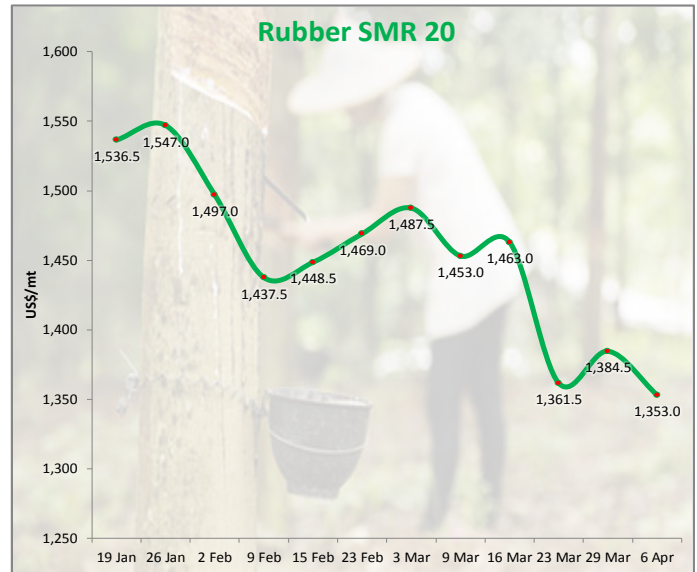
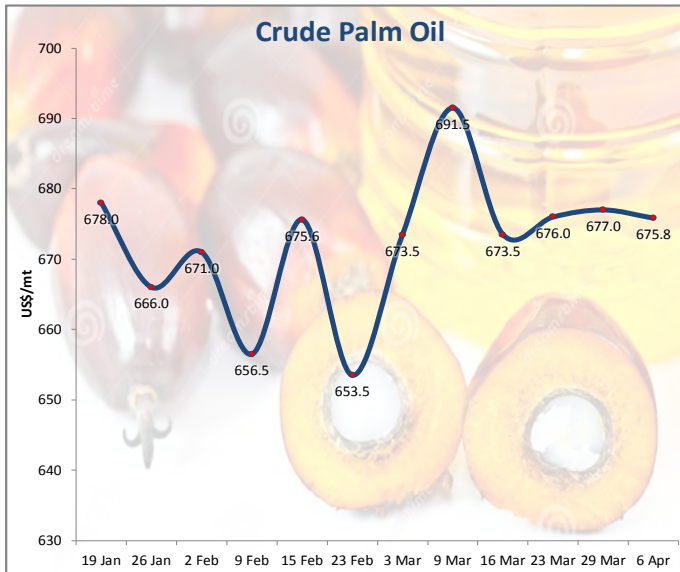
Notes: All figures have been rounded to the nearest decimal point

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

i Average price in the year except otherwise indicated

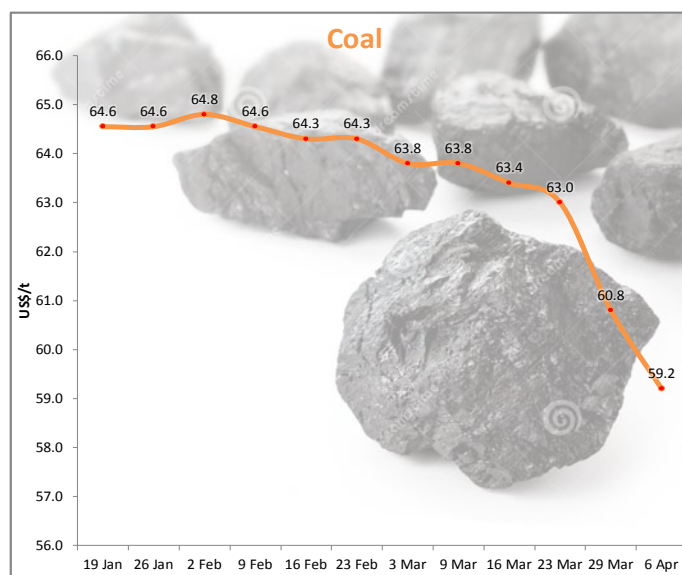
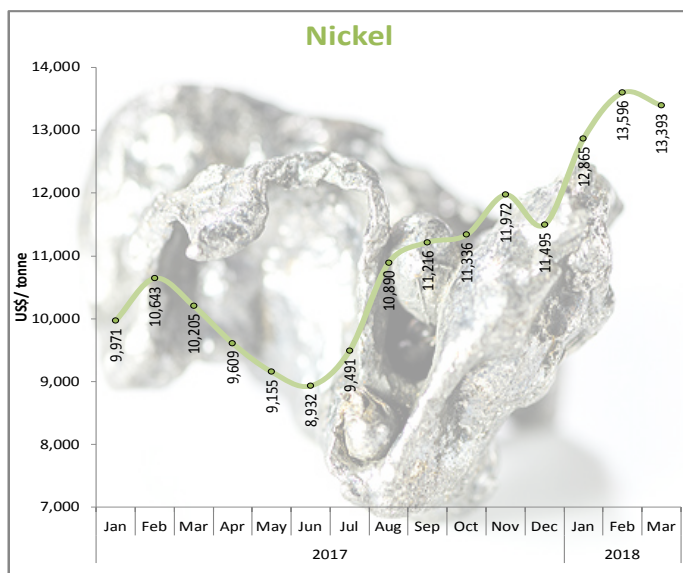
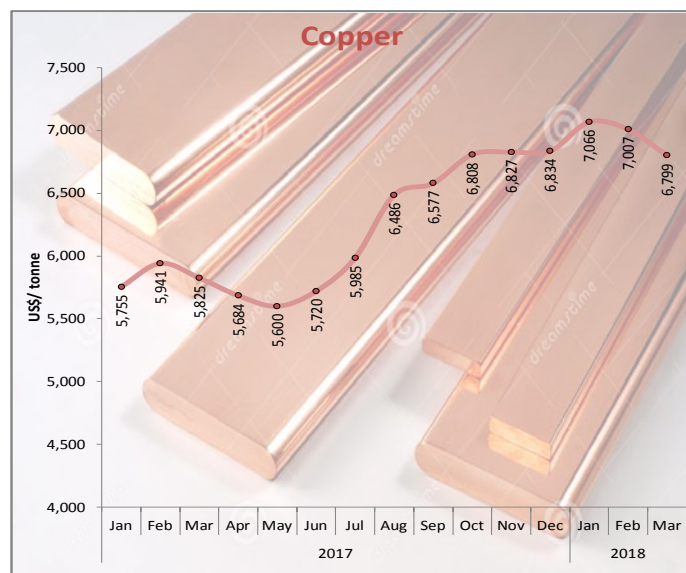
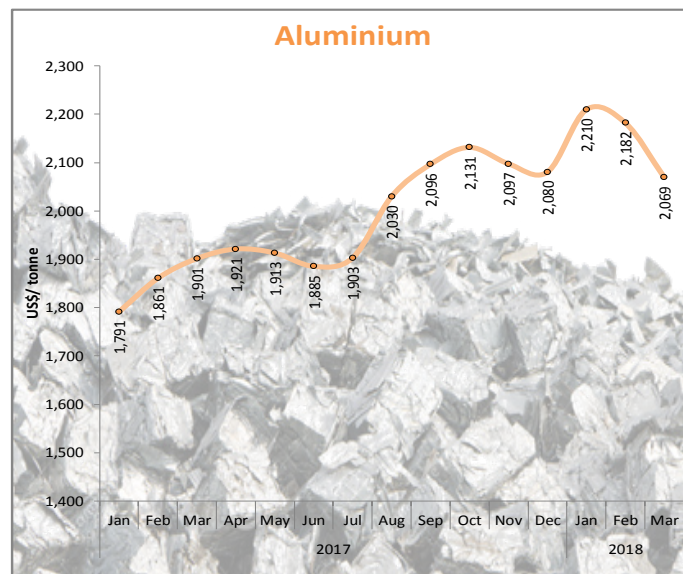
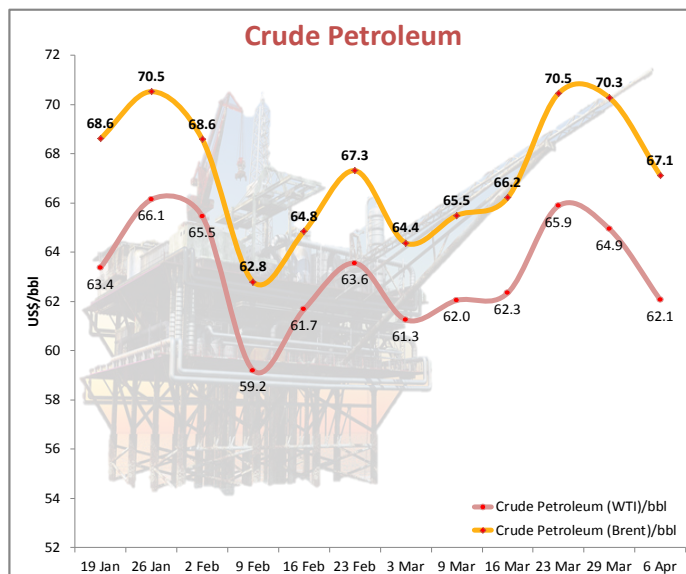
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Iron and Steel Industry Federation, and Bloomberg.

Commodity Price Trends



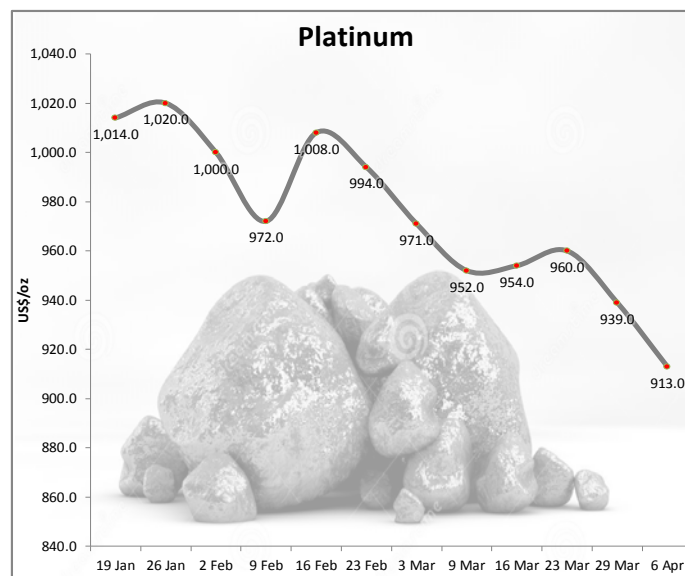
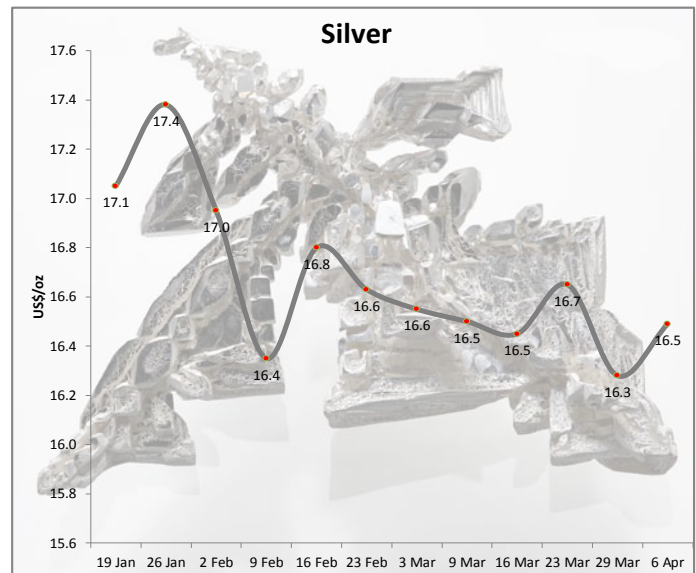
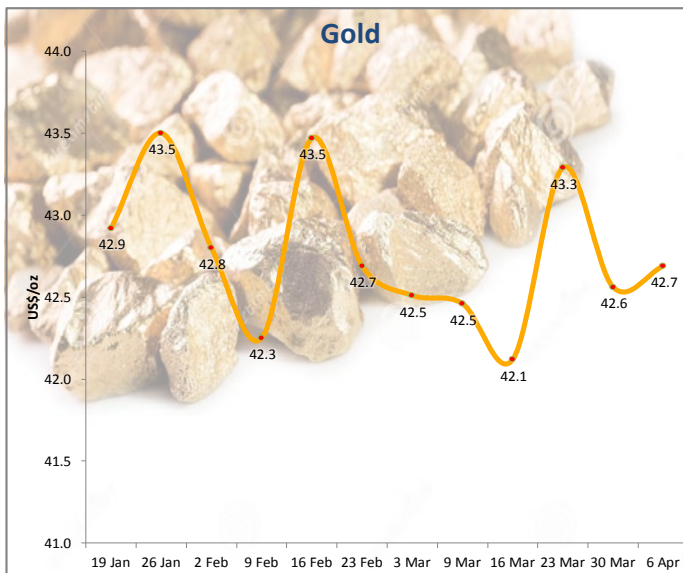
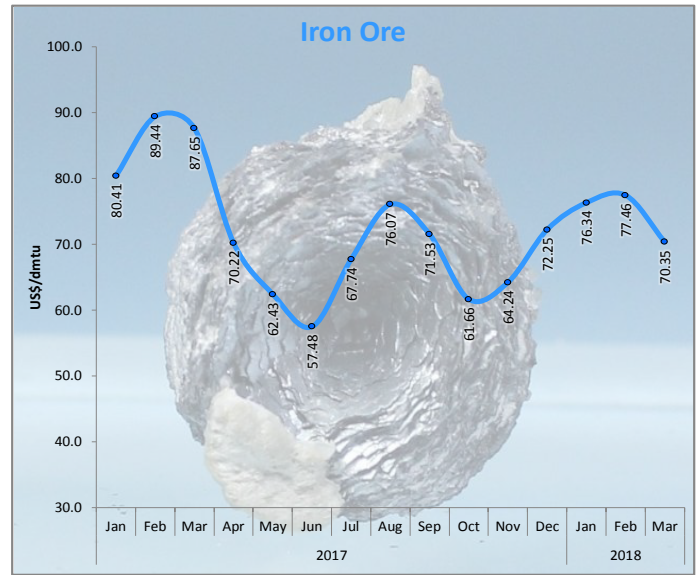
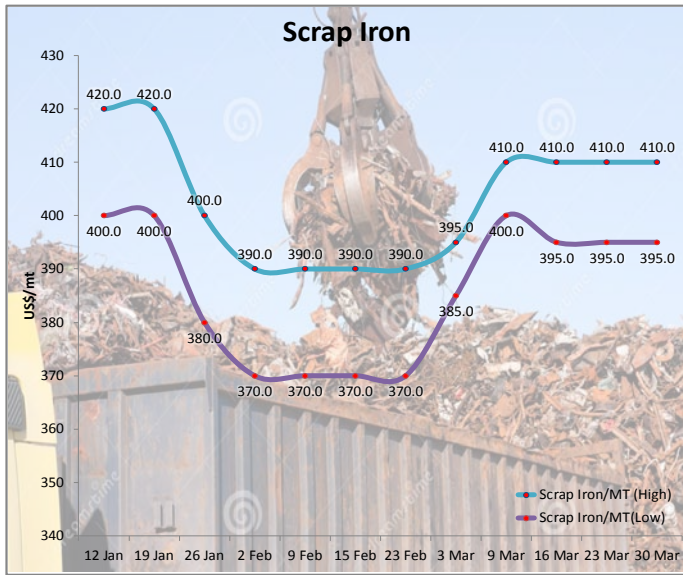
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

Commodity Price Trends



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

Commodity Price Trends



Sources: Ministry of International Trade and Industry Malaysia, Malaysian Iron and Steel Industry Federation, Bloomberg and Czarnikow Group, World Bank.

MITI Minister visit to The Digital Free Trade Zone (DFTZ) Pilot Project, 9 April 2018



MITI & Agencies Monthly Assembly Perdana Hall, 9 April 2018



MITI Minister at *Himpunan Usahawan Bumiputera* 2018 Bukit Jalil Kuala Lumpur, 30-31 Mac 2018



MITI Minister at Malaysia International Halal Showcase MITEC Kuala Lumpur, 4-7 April 2018



MITI Deputy Minister (Trade) at Ground-Breaking Ceremony for Gemas-Johor Double Tracking Project, Segamat 2 April 2018





BLUE OCEAN STRATEGY IN MALAYSIA'S DEVELOPMENT

The Eleventh Malaysia Plan, 2016-2020, the five-year strategic development plan, lays out the strategies in Malaysia's final leg in the journey towards becoming an advanced nation by 2020. The Eleventh Malaysia Plan used Blue Ocean Strategy tools and frameworks to formulate high-impact, low-cost national strategies that are able to be rapidly executed.

One key Blue Ocean Strategy tool used in the formulation and communication of the Eleventh Malaysia Plan was the strategy canvas. The strategy canvas was used as a diagnostic and action framework to formulate compelling strategies for Malaysia's national development, including for the 'game changers' in the Eleventh Malaysia Plan, which cover areas with the potential to fundamentally change the trajectory of Malaysia's growth.

The Eleventh Malaysia Plan features numerous creative National Blue Ocean Strategy initiatives, which have been developed over the years and are expanded through the Eleventh Malaysia Plan.

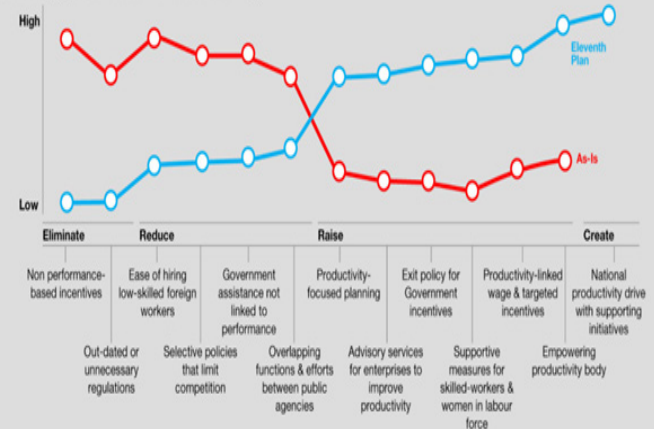
Productivity and innovation will be important pillars of the Eleventh Plan. See the strategy canvases below to learn how to unlock the potential of productivity and how to translate innovation to wealth.

Moving forward, NSU and EPU are taking the lead to prepare for the Twelve Malaysia Plan, further capitalising on the NBOS.

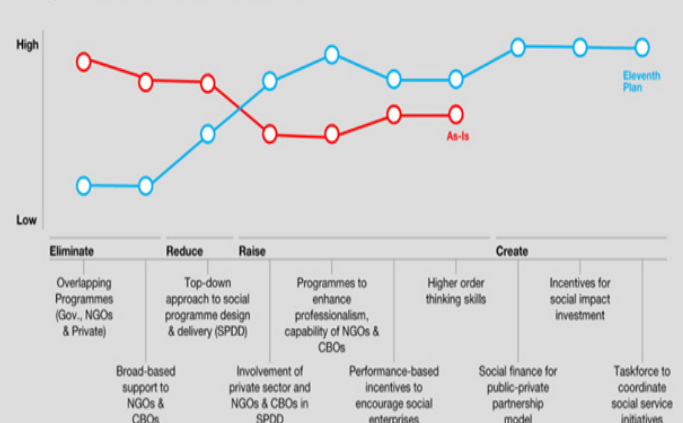
Source:

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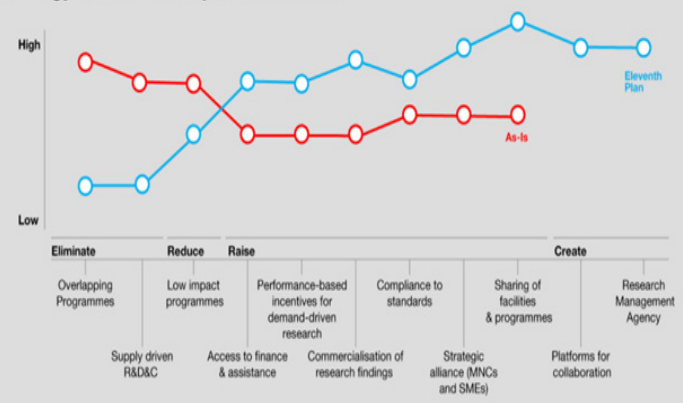
Strategy Canvas – Productivity



Strategy canvas: Social innovation



Strategy canvas: Enterprise innovation





Glossary

of Technical Terms

e-Marketplace

An online market place. A type of e-commerce site where product or service information is provided by multiple third parties, whereas transactions are processed by the marketplace operator.

e-Payment

Online payment transactions on the internet. A subset of an e-commerce transaction to include electronic payment for buying and selling goods or services offered through the Internet.

Early Harvest

This term refers to conclusion of selected areas under negotiations before agreement is reached on all areas being negotiated (contrast with single undertaking).

EC

Economic Committee - works to remove structural and regulatory obstacles that inhibit cross-border trade and investment that are created by behind-the-borders barriers. Promotes structural reform within APEC which consists of improvements made to institutional frameworks, regulations and government policies so that the efficient functioning of markets is supported, and behind-the-border barriers are reduced.

ECOTECH

Economic and technical cooperation - one of the three cooperative pillars of APEC, ECOTECH involves capacity building and information sharing activities. The objective is to help members, particularly developing economies, benefit from the liberalization process, while narrowing the gap among the diverse economies of the APEC region. Current ECOTECH medium-term priorities include: regional economic integration; addressing the social dimension of globalisation (inclusive growth); safeguarding the quality of life through sustainable growth; structural reform; and human security.

ECR

Export Credit Refinancing - Scheme is another credit facility to finance exports. This scheme was launched nationwide by Bank Negara Malaysia (BNM) in 1989. BNM has made available the pre-shipment and post-shipment ECR facilities through commercial banks. Currently the role of BNM has been taken over by Exim Bank.

EEV

Energy Efficient Vehicle - are vehicles that meet a set of define specification in terms of carbon emission level (g/km) and fuel consumption (l/100km) and include fuel efficient vehicles, hybrid, EV and alternatively fuelled vehicles e.g LPG, Biodiesel, Ethanol, Hydrogen and Fuel Cell.

EHS

Environmentally Hazardous Substances - is a substance that is included in the EHS reference list, or if not in the list, must be assigned a hazard category under the GHS classification scheme.

EL

Exclusion List- Products which are excluded from any commitments of liberalisation.

ELV

End of Life Vehicle - vehicle that have been considered 'waste' in the manner the owners have decided to withdraw the vehicle from the road. Damaged car due to road accident that cannot be repaired can be also considered as ELV.

ANNOUNCEMENT



National Supply Chain Conference on Rail Projects & Career Fair 2018

"Growing Business.... Creating Jobs"

11 & 12 April 2018 | 9 am - 5 pm

Merdeka Hall, Putra World Trade Centre (PWTC)

Supported by:



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