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**VOLUME 57** 



#### PENGERANG ENERGY COMPLEX TO BE ONE OF THE LARGEST INTEGRATED CONDENSATE SPLITTER AND AROMATICS FACILITIES IN THE WORLD

Pengerang Energy Complex Sdn. Bhd. (PEC) during a meeting with YB Datuk Darell Leiking, Minister of International Trade and Industry at the Ministry of International Trade and Industry (MITI) on 13 February 2020, informed that the construction of PEC would commence by the middle of 2020. The commercial production of the project is targeted to commence in the fourth quarter of 2023. This USD3.4 billion (RM14.3 billion) project was secured by the Malaysian Investment Development Authority (MIDA) in 2018.

Upon completion in 2023, PEC will be one of the world's largest integrated Condensate Splitter and Aromatics facilities, with the capacity of 150,000 barrels per day. It will generate US\$5 billion in annual export turnover for Malaysia.

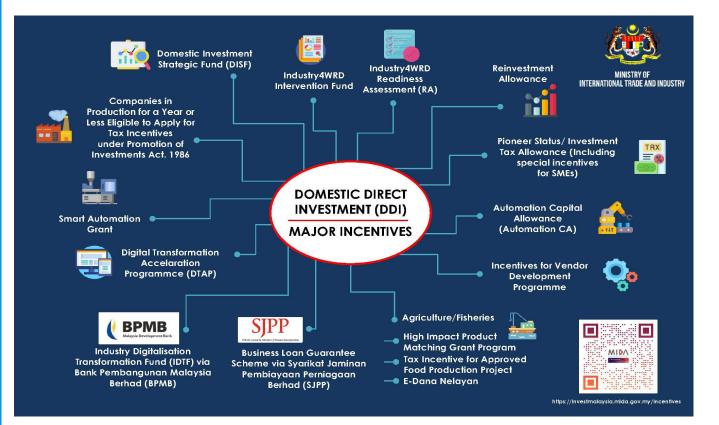
"This capital intensive project which involves fully automated processes, will also benefit the local workforce through the transfer of the company's cutting edge technology and technical know-how. The company plans to recruit over 200 highly skilled Malaysian engineers and technical staff that will provide good career opportunities and a learning platform for Malaysian employees in all aspects of the chemical business. Pengerang Energy Complex Sdn. Bhd. will certainly be in the list of success stories in the years ahead," said YB Datuk Darell Leiking.

PEC will receive long term supplies of feedstock from major international oil companies. Leading Japanese, Chinese and Korean Trading Houses have committed to off-take the aromatics products. Maire Tecnimont S.p.A, a multinational group, and one of the leaders within the field of plant engineering is one of the selected engineering, procurement, construction and commissioning (EPCC) Contractors of the PEC project.

Ministry of International Trade & Industry 17 February 2020



### **DRIVING DOMESTIC INVESTMENT FOR EXPORT OPPORTUNITIES**



A new era of investment and export-led growth is coming. In 2020, Malaysia will be undertaking extensive reforms of the investment process in order to improve the ease of doing business for both foreign and domestic investors. Domestic investors, in particular, will be encouraged to aggressively pursue export opportunities in new overseas markets.

The Ministry of International Trade and Industry (MITI) under the leadership of Minister Datuk Darell Leiking has taken on board the constructive feedback offered by investors and other stakeholders on how to improve the investment process in order to better drive economic growth towards achieving Malaysia's vision of Shared Prosperity 2030.

YB Datuk Darell said that, "Investors can expect red tape to be cut, bureaucracy to be reduced, and the approval process to be streamlined in order to expedite the realisation of investment. MITI recognises that delayed investments mean deferred prosperity. Speed and quality is of the essence."

We recognise that Malaysia remains a compelling investment destination due to its stability, good governance, cost competitiveness, and strategic location in the centre of ASEAN. Reforms will help to ensure that Malaysia retains its place as a premier destination and home for quality investment.

A new era of investment and export-led growth is coming. In 2020, Malaysia will be undertaking extensive reforms of the investment process in order to improve the ease of doing business for both foreign and domestic investors. Domestic investors, in particular, will be encouraged to aggressively pursue export opportunities in new overseas markets.

In doing so, Malaysia seeks to remain true to its ambition to become a preferred investment destination for innovative and knowledge-intensive investments within high-growth and high-value sectors.

Foreign Direct Investment (FDI) has assumed a paramount role in Malaysia's emergence as a dynamic and vibrant industrialising nation. The substantial inflows of FDI in the manufacturing sector over the last 50 years have been instrumental in Malaysia's rapid economic growth. The Government will continue to seek quality FDI with high-value added and high technology features.

At the same time, inspired by the economic example of Japan, South Korea, and China, Malaysia seeks a renewed focus on turning domestic companies into global players.

The Malaysian market on its own is too small to offer the scale needed for global competitiveness, firms must look to regional and world markets and export products with greater added value. MITI, in conjunction with its Malaysia External Trade Development Corporation (MATRADE), is looking closely at diversifying exports to Africa, Central Asia, and Latin America in the coming year.

The government will intensify its efforts in facilitating more domestic direct investments (DDI) with greater specialisation in catalytic subsectors, namely Chemicals & Chemical Products, Electric & Electronics and Machinery & Equipment industries; high-growth subsectors, namely Aerospace and Medical Devices; and, other targeted industries which include Consumer Technology, E-Commerce, Renewable Energy, Smart Agriculture, Smart Technology and the Shared Economy. These sectors stand out due to strong inter-linkages with other sub-sectors and their capability to support the development of the manufacturing sector overall, as well as related services.

"MITI, through the Malaysian Investment Development Authority (MIDA), has been undertaking various domestic investment promotion programmes including spearheading initiatives to connect local companies and SMEs with multinational companies (MNCs) and large local corporations (LLCs) through industrial linkages programmes and supply chain conferences.

"MIDA has also undertaken an initiative known as the Domestic Investment Coordination Platform (DICP) to assist local companies or SMEs by bridging or narrowing their financial and technology gaps through strategic collaborations and joint ventures with financial institutions, equity firms, and technology providers," said YB Datuk Darell.

MITI will continue to work in close collaboration with Ministry of Finance (MOF), the Central Bank of Malaysia (BNM), and all investment agencies to ensure relevant and specific measures to improve domestic investment are incorporated in the upcoming stimulus package, soon to be announced by MOF.

Along with initiatives under development in MITI's New Industrial Master Plan (IMP), and a renewed focus on opening up new overseas markets, improvements in the domestic investment landscape will enable more Malaysian companies to become global players. This will lay the foundations for greater prosperity for Malaysian companies and workers as we reach for the heights of economic development.

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## NATIONAL AUTOMOTIVE POLICY 2020 TO BE ANNOUNCED ON 21 FEBRUARY 2020

The new National Automotive Policy, NAP2020 would be launched by YAB Tun Dr. Mahathir Mohamad, Prime Minister of Malaysia on Friday, 21st February 2020, at the Ministry of International Trade and Industry (MITI).

NAP2020 is formulated to elevate Malaysia's automotive industry to the next phase of industrial competitiveness, in line with the changing landscape of mobility within the global markets.

The automotive sector has been a prime mover of Malaysia's industrialisation drive since the early 1980's in allowing meaningful participation of Malaysian businesses and talents in the fields of science, engineering and technology.

The sector has grown into a national automotive ecosystem that includes vehicle manufacturers, parts and components suppliers, engineering services, full-fledged product and process design facilities. It has also created a robust aftermarket segment and accelerated the critical mass of talent involved in other high value sectors along the industry's value chain and across the manufacturing sector.

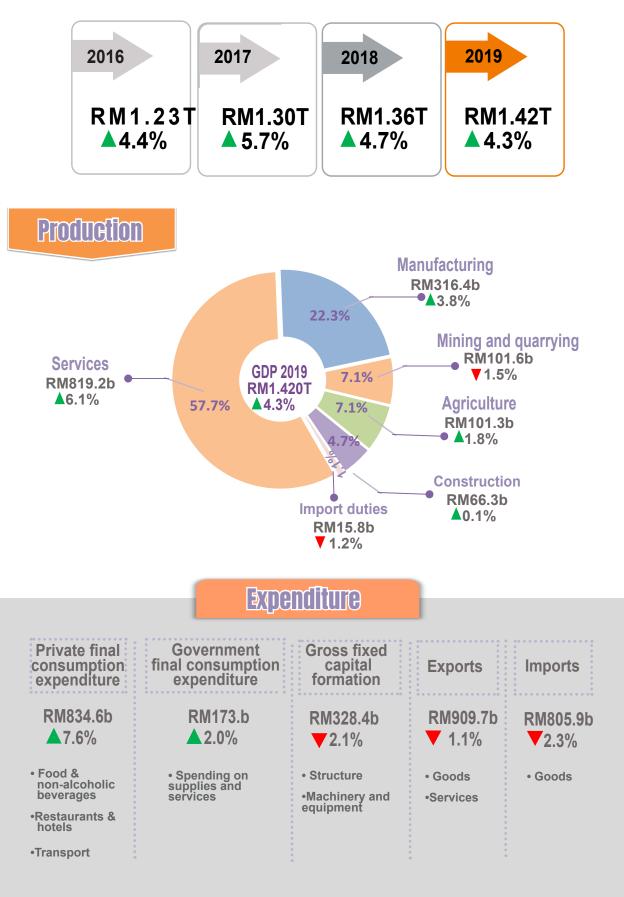
To ensure a continuation of such meaningful participation within the industry, the Government has put emphasis on resources to ensure that the next technology acceleration curve would be in line with emerging trends surrounding transportation and mobility, as well as, allowing for clean energy technology adoption. The Government focusses on building strategic ties with industry players towards enhancing local talents' capacity and development. Supporting the growth of automotive players remains as key priority area embedded in the policy.

The Government has taken into account all feedbacks obtained from the industry as well as improvement opportunities learned from previous national automotive policies. As an outcome, the NAP2020 is a product of arduous benchmarking, longstanding research, strategic planning and rigorous consultation with various stakeholders to determine the right balance between the current needs of industry players and the requirement to align those strategies with future demands of global automotive and mobility trends.

Ministry of International Trade and Industry 13 February, 2020

# MALAYSIA ECONOMIC PERFORMANCE, 2019

## Malaysia's economy grew 4.3 per cent in 2019



Notes: GDP at constant 2015 prices , % refer to Y-o-Y Growth Source: Department of Statistics, Malaysia

# **BALANCE OF PAYMENT, 2019**

#### Malaysia's current account balance recorded RM49.7 billion as against RM30.6 billion in 2018 2016 2017 2018 2019

2016	2017 RM k	2018 Dillion	2019
29.9	38.3	30.6	49.7
▼14.9%	<b>28.0%</b>	<b>720.1%</b>	<b>▲62.6</b> %
	No	te: % refer to `	Y-o-Y Growth

## **Current Account**





DIA

2019

RM23.3

## **Financial Account**

Direct Investment Net inflow:RM9.4 bil.

Financial Derivatives Net outflow:RM0.4 bil. Portfolio Investment Net outflow:RM37.7 bil.

Other Investments Net outflow:RM5.7 bil.

# **INVESTMENT PERFORMANCE, 2019**

## Foreign Direct Investment (FDI)

FDI flows in Malaysia recorded net inflow of RM32.8 billion in the 2019 compared to RM32.6 billion last year.



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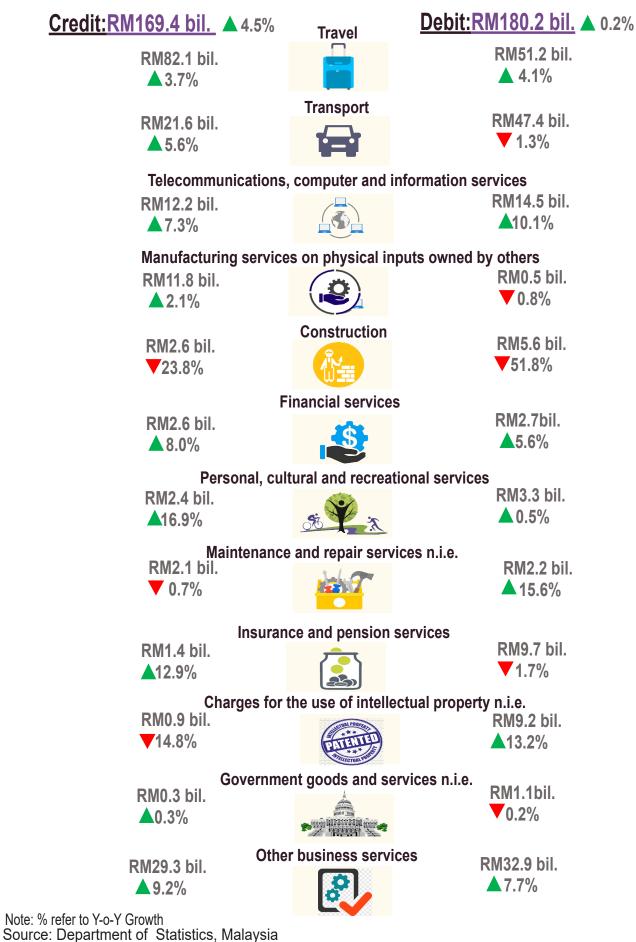
## Direct Investment Abroad (DIA)

Malaysia's DIA flows registered net outflow of RM23.3 billion in 2019 compared to RM21.3 billion in previous year.

Source: Department of Statistics, Malaysia

## **Statistics of International Trade in Services**

#### Travel boosts Malaysia's Services Exports to record RM169.4 billion in 2019



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

# SUSTAINABLE GOALS

## **Cluster 4: Environment & Natural Resources**

## Goal 6: Clean Water & Sanitation

Goal 7: Affordable & Clean Energy

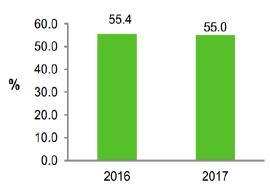
Goal 12: Responsible Consumption & Productivity

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

# Indicator 15.1.1: Forest area as a proportion of total land area

The proportion of the forest area has decreased by 0.4 percentage points to 55.0 per cent in 2017 as compared to 2016 (55.4%).

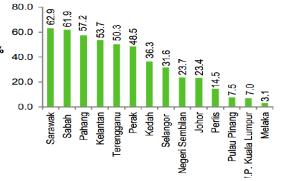
# Figure 15.1: Forest area as a proportion of total land area, 2016 and 2017



Source: Ministry of Water, Land, and Natural

Sarawak showed the highest proportion of forest area with 62.9 per cent, followed by Sabah (61.9%) and Pahang (57.2%). Meanwhile, Melaka recorded the lowest proportion of forest area with 3.1 per cent.

Figure 15.2: Forest area as a propotion of total land area by state, 2017

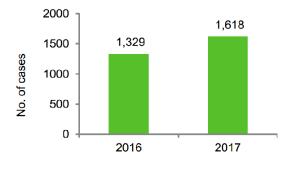


Source: Ministry of Water, Land, and Natural Resources, Malaysia

Indicator 15.7.1: Propotion of traded wildlife that was poached or illicitly trafficked

The number of wildlife crime cases increased to 1,618 cases in 2017 compared to 1,329 cases in 2016.

# Figure 15.3: Number of wildlife crime cases, 2016 and 2017



Source: Department of Wildlife and National Parks

Goal 13: Climate Action

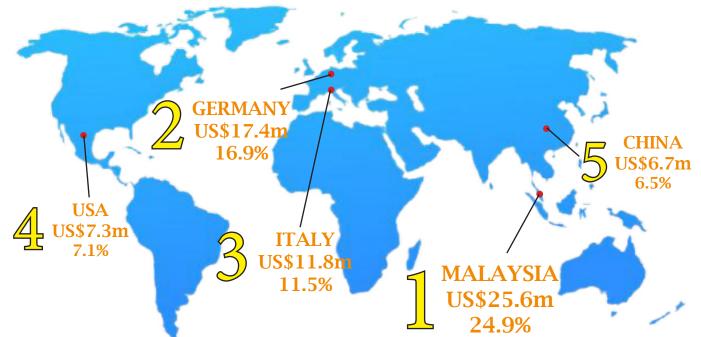
Goal 14: Life Below Water

Goal 15: Life on Land

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World largest exports of Machine tools for working any material by removal of material, operated by ultrasonic processes (excluding cleaning apparatus operated by ultrasonic processes and material testing machines)\*



In 2018, Malaysia's export of Machine tools for working any material by removal of material, operated by ultrasonic processes (excluding cleaning apparatus operated by ultrasonic processes and material testing machines) recorded US\$25.6 million with 24.9% share to the world exports .

#### Notes: -\*HS 845620

**Merchandise Trade Statistics** 

-% refer to share in world exports

## **Top Five Malaysia Export Destinations**



#### Regionalism:

Refers to the expression of a common sense of identity and purpose combined with the creation and implementation of institutions that express a particular identity and shape collective action within a geographical region. Regionalism is a theory and action implemented by governments for trade liberalization or facilitation in a region, or carried out through free trade areas or customs unions (WTD definition).

### **Regional Economic Integration:**

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

LOSSAR

Refers to agreements between countries in a geographic region to reduce, and ultimately remove, tariffs and non-tariff barriers to facilitate the free flow of goods and services between one another. In 2009 APEC Senior Officials agreed on a threefold comprehensive approach to accelerating regional economic integration – liberalizing trade and investment flows "at the border", improving the business environment "behind the border", and enhancing physical connectivity "across the border".

#### **Regional Trade Agreements:**

A preferential trade agreement or free trade agreement, signed between countries in the same region (often located near to each other).

#### Remanufacturing:

The process of transforming a used product to as good as new condition by rebuilding its component parts back to its functionality performance specifications and also by replacing unbuildable parts with brand new components and carries an acceptable warranty period as to a brand new (similar) product manufactured by the Original Equipment Manufacturers (DEMs).

Safeguard Measures:

#### **Robotics and Factory Automation Equipment:**

Whole spectrum of integrated automation solutions for industrial manufacturing with particular emphasis on mechanical engineering and robotics for various industries.

#### Rotterdam Convention:

A legally binding obligation for the implementation of PIC procedure on chemical trade.

#### Services:

The service sector, also called the tertiary sector, is one of the three parts of the economy in the Three-sector hypothesis. This hypothesis breaks the economy into three main areas so it can be better understood. The other two are the primary sector, which covers areas such as farming, mining and fishing; and the secondary sector which covers manufacturing and making things. The service sector provides a service, not an actual product that could be held in your hand. Activities in the service sector include retail, banks, hotels, real estate, education, health, social work, transport, computer services, recreation, media, communications, electricity, gas and water supply.

## **Spaghetti Bowl Effect:**

Preferential trade agreements (bilateral and regional PTAs) create fundamental conflicts with multilateralism in that they promote trade liberalization based on discrimination between members of those agreements and non-members. The Spaghetti Bowl Effect is an illustration of the complicated situation which occurs when products are brought into important markets by various ways depending on their origins. Globalization of production makes the identification process of product origins more difficult.

#### Action taken to protect a specific industry from an unexpected build-up of imports - generally governed by Article 19 of GATT. The Agriculture Agreement and Textiles

and Clothing Agreement have different specific types of safeguards: "special safeguards" in agriculture, and "transitional safeguards" in textiles and clothing.

## Shipbuilding:

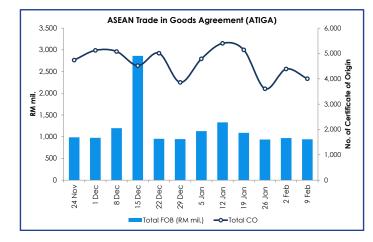
Designing, building and construction of all types of floating vessels

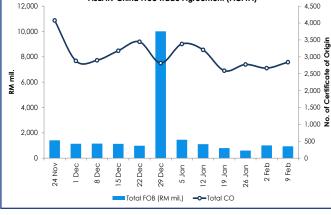
## Shipment Contract:

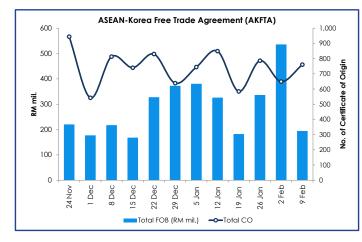
Sales/purchase contract where the seller's responsibility ends when goods are handed over to the first carrier

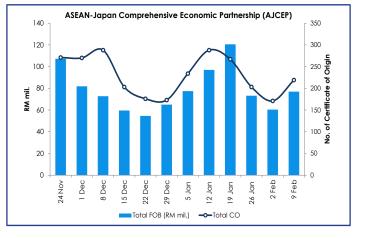
ASEAN-China Free Trade Agreement (ACFTA)

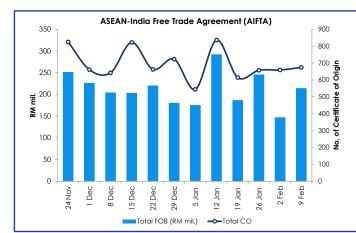
## Number and Value of Preferential Certificates of Origin (PCOs)

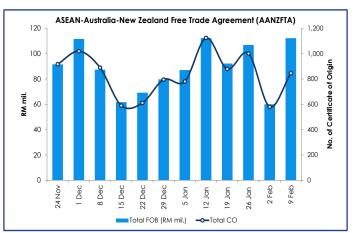


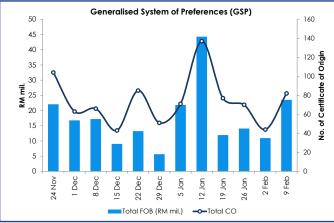








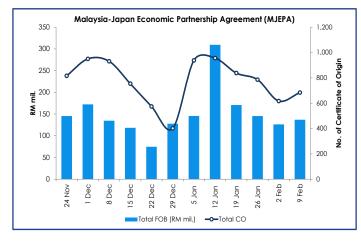


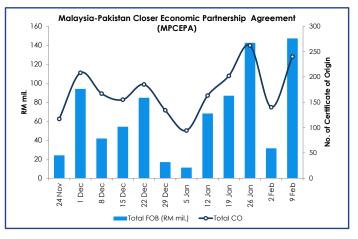


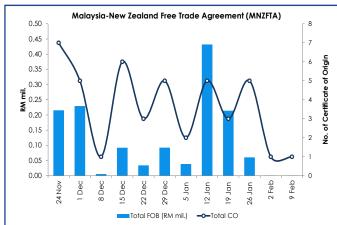
Note: The preference giving countries under the GSP scheme are Liechtenstein, the Russian Federation, Japan, Switzerland, Belarus, Kazakhstan and Norway.

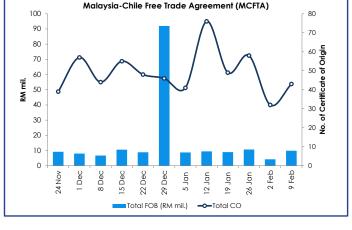
<sup>n and Notway.</sup> Note: \*Provisional Data Source: Ministry of International Trade and Industry, Malaysia

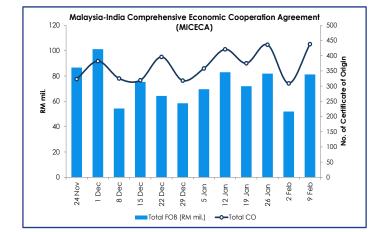
## Number and Value of Preferential Certificates of Origin (PCOs)

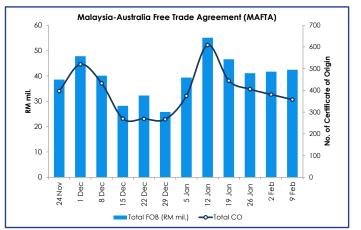


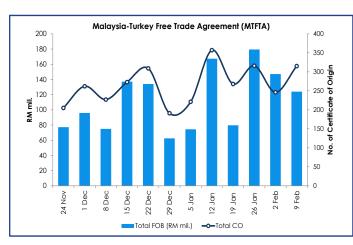








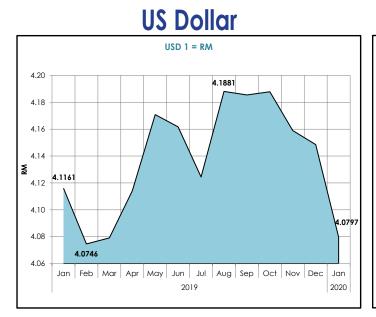




Note: \*Provisional Data

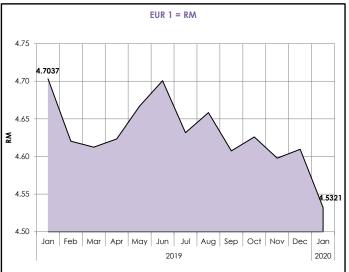
Source: Ministry of International Trade and Industry, Malaysia

## Malaysian Ringgit Exchange Rate with Selected Countries, January 2019 - January 2020

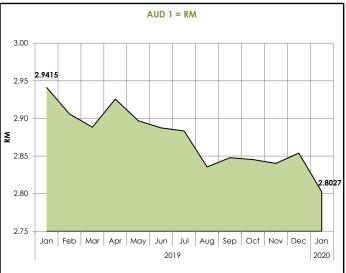


**Pound Sterling** GBP 1 = RM 5.50 5.4393 5.45 5.40 5.3343 5.35 5 3068 5.30 \$ 5.25 5.20 5.15 5.10 5.0895 5.05 5.00 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan 2020 2019

#### Euro



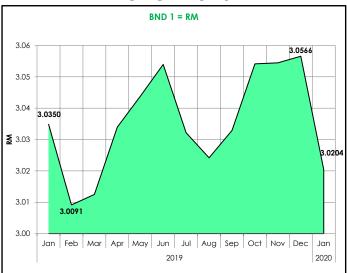
## **Australian Dollar**



## South Korean Won



## **Brunei Dollar**



Source : Bank Negara Malaysia

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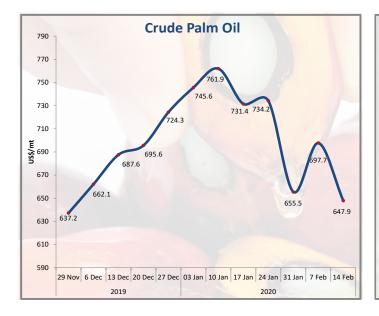
## **Commodity Prices**

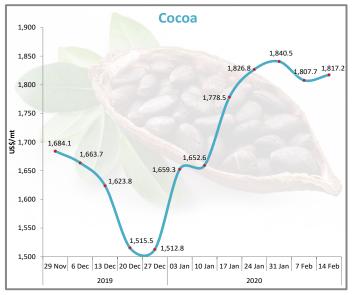


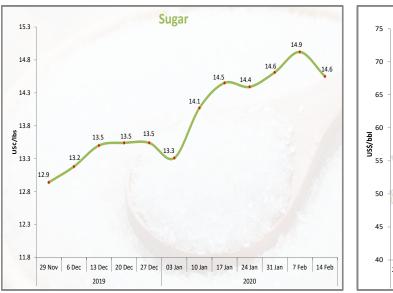
i Average price in the year except otherwise indicated

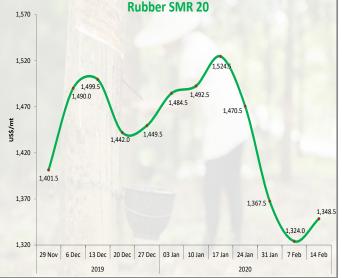
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Iron and Steel Industry Federation, and Bloomberg.

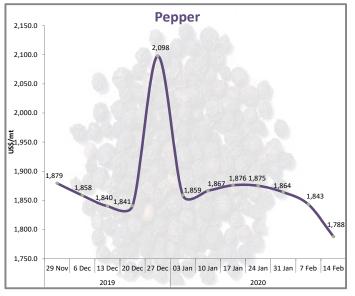
## **Commodity Price Trends**

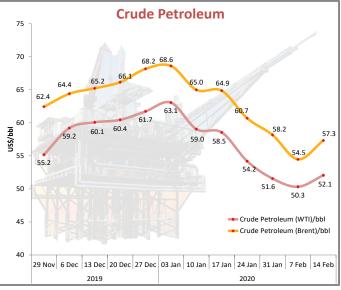






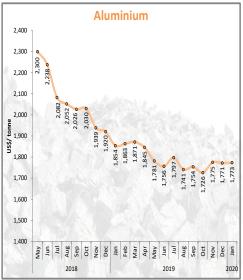


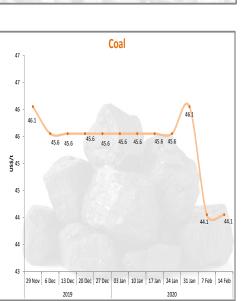


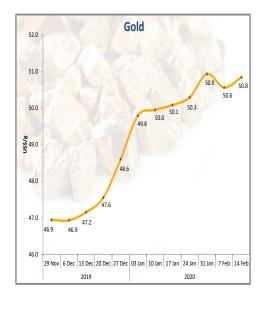


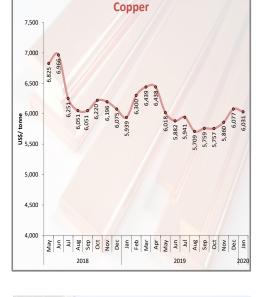
Sources: Ministry of International Trade and Industry Malaysia, Malaysian Palm Oil Board, Malaysian Rubber Board, Malaysian Cocoa Board, Malaysian Pepper Board, Bloomberg and Czarnikow Group, World Bank, World Gold Council, The Wall Street Journal.

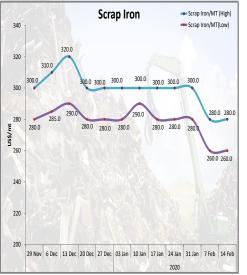
## **Commodity Price Trends**











Silver

18.7

18.2

17.7

17.2

16.7

16.2

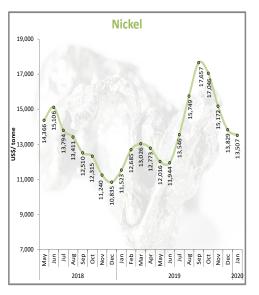
17.1

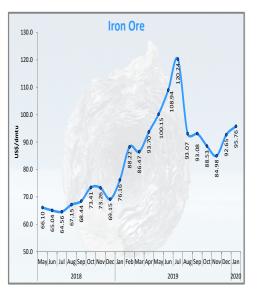
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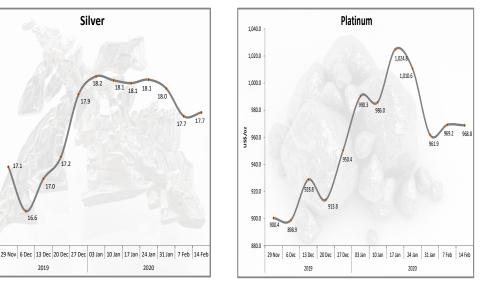
2019

17.0

us\$/oz







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.

## Courtesy call by H.E. Lee Chi-Beom, the South Korean Ambassador to Malaysia , 13 February 2020





MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

https://www.miti.gov.my/

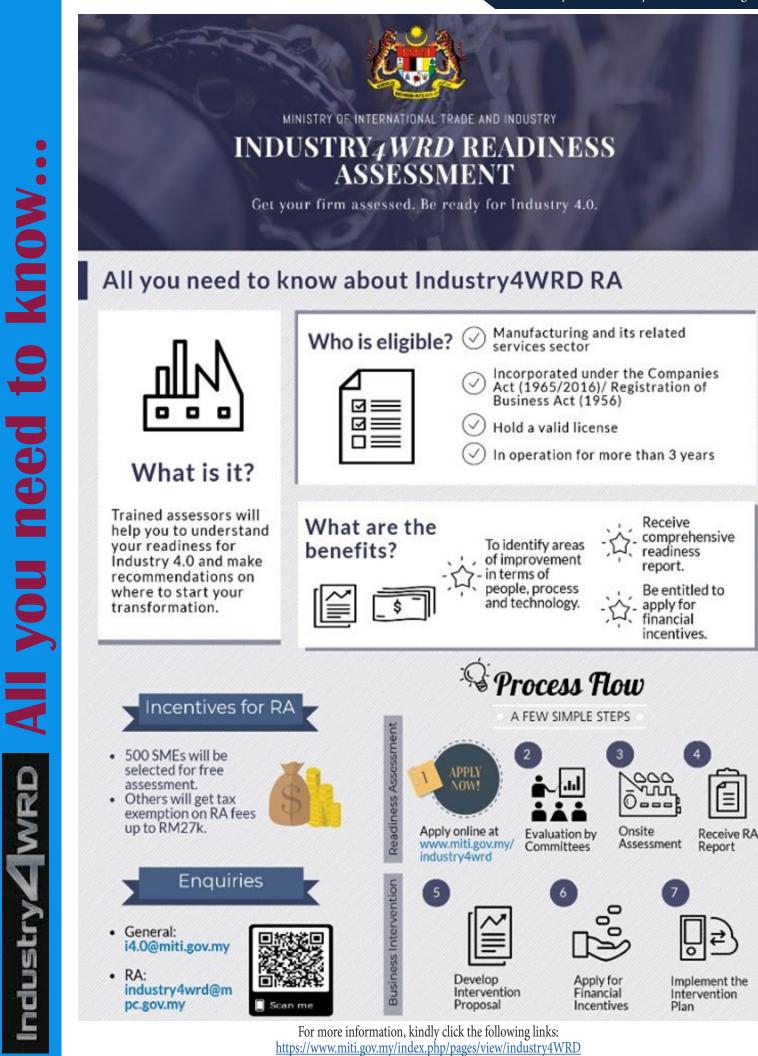
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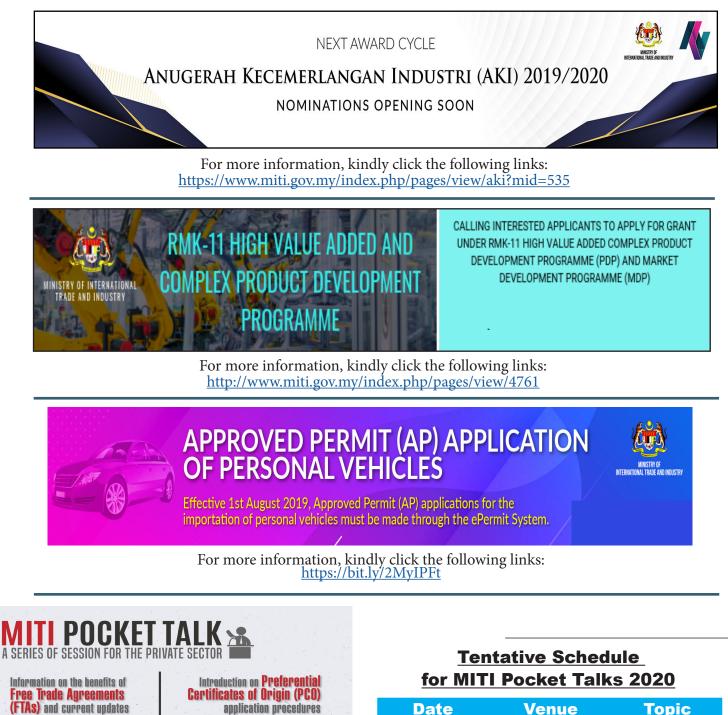


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Industry WRD



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4 November	MITI Pahang		

For information, kindly click https://fta.miti.gov.my/index.php/pages/view/69?mid=27



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