MITI REPORT

2014

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2014

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Foreword

AN ECONOMY EMPOWERED

We did well in 2014. The Malaysian economy was strong, growing at 6.0 per cent surpassing the 4.7 per cent attained in 2013. It was one of the highest in Asia. Exports rose by 6.4 per cent or RM46.14 billion to reach RM766.13 billion, easily overtaking the 2.4 per cent growth achieved the year before. Approved Private Investments finished strong, touching an impressive level of RM235.9 billion from the RM219.4 billion recorded a year earlier. Competitiveness of the nation improved. Malaysia moved four places to 20th position out of 144 countries according to the WEF ranking, an improvement compared to the year before.

The year 2014 was also memorable as it was a year full of challenges, trials and tribulations. There were troughs of deep sadness. Two airline tragedies involving Malaysia Airlines in March and July, and the unprecedented floods at the end of 2014 that devastated several states in Peninsular Malaysia, Sabah and Sarawak brought untold misery and damage to lives and property. However, united we comforted each other, and worked together to deal with the challenges that unfolded throughout the year.

Growth in some major developed economies remained sluggish. The uncertainties affected the Malaysian economy. Crude oil prices plummeted from US$110 per barrel to less than US$60 by end December 2014, reducing government revenue for Malaysia. Global currencies depreciated, including the Malaysian Ringgit. Commodity prices slid worldwide, pulling down Malaysia's earnings from palm oil and rubber.

Malaysia pulled through with one of the highest growth rates achieved since 2010. The favourable result in 2014 can be attributed to Malaysia's diversified economy and strong macroeconomic fundamentals - with low unemployment, a healthy banking system, and the growing role of the private sector as a driver of growth for the nation.

Malaysia is committed to fiscal reforms and consolidation to help counter economic uncertainties in the global environment. We have made strides to contain inflationary pressures and household debt; we have cut back on subsidies, putting in place initiatives and reforms to enhance resilience and competitiveness of the Malaysian economy.

In 2014 also, MITI intensified preparations for Malaysia to assume the chair of ASEAN in 2015. MITI has been working to steer the ASEAN Economic Community (AEC) with the objective of transforming ASEAN into a single, integrated market with free movement of goods, services, skilled labour, investment and freer flow of capital. Malaysia has also been entrusted to take the lead in formulating the 10-year framework for the Post-2015 Vision (2016 – 2025) which serves to guide the grouping towards a balanced, people-centred goal.

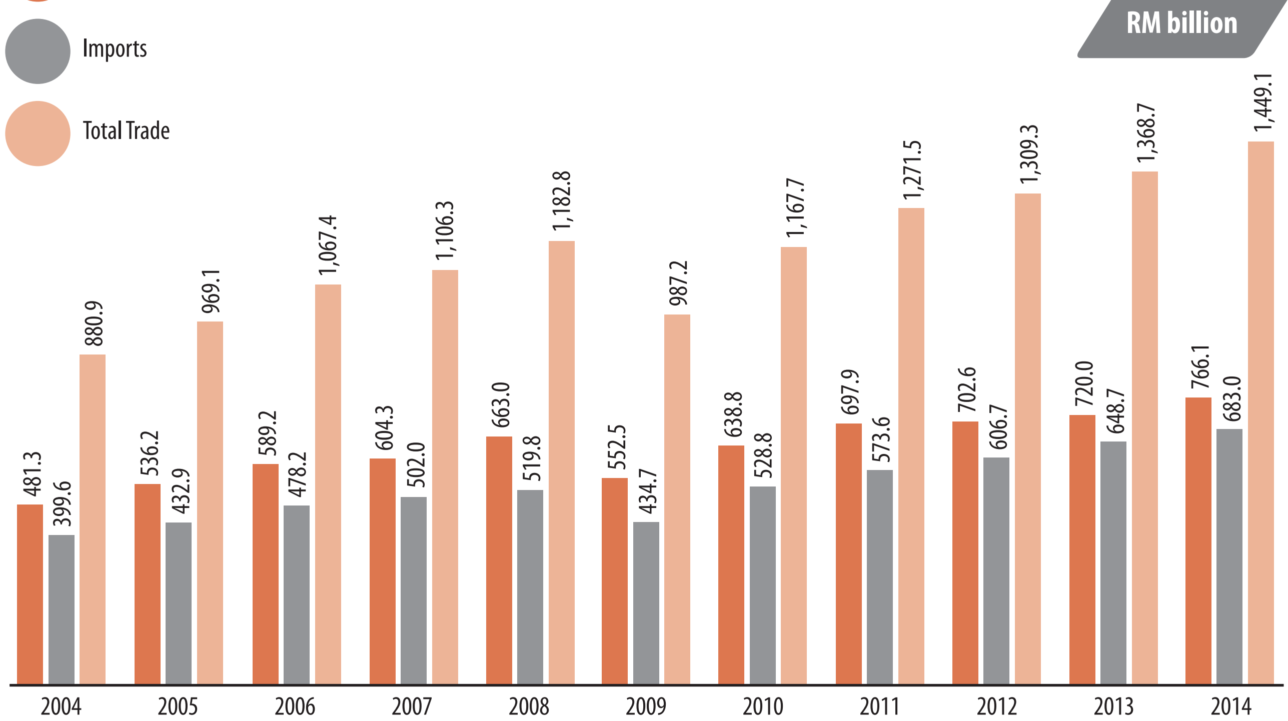
ASEAN is an integral part of Malaysia's development. We are on the path of a great journey, a journey of transformation of our nation as well as that of ASEAN. It will be a collective journey focused on **"Our People, Our Community, Our Vision."**

Dato' Sri Mustapa Mohamed

Dato' Sri Mustapa Mohamed
Minister of International Trade and Industry, Malaysia

At a Glance

MALAYSIA'S TRADE PERFORMANCE
ANNUAL TRADE, 2004-2014



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MALAYSIA'S TRADE PERFORMANCE
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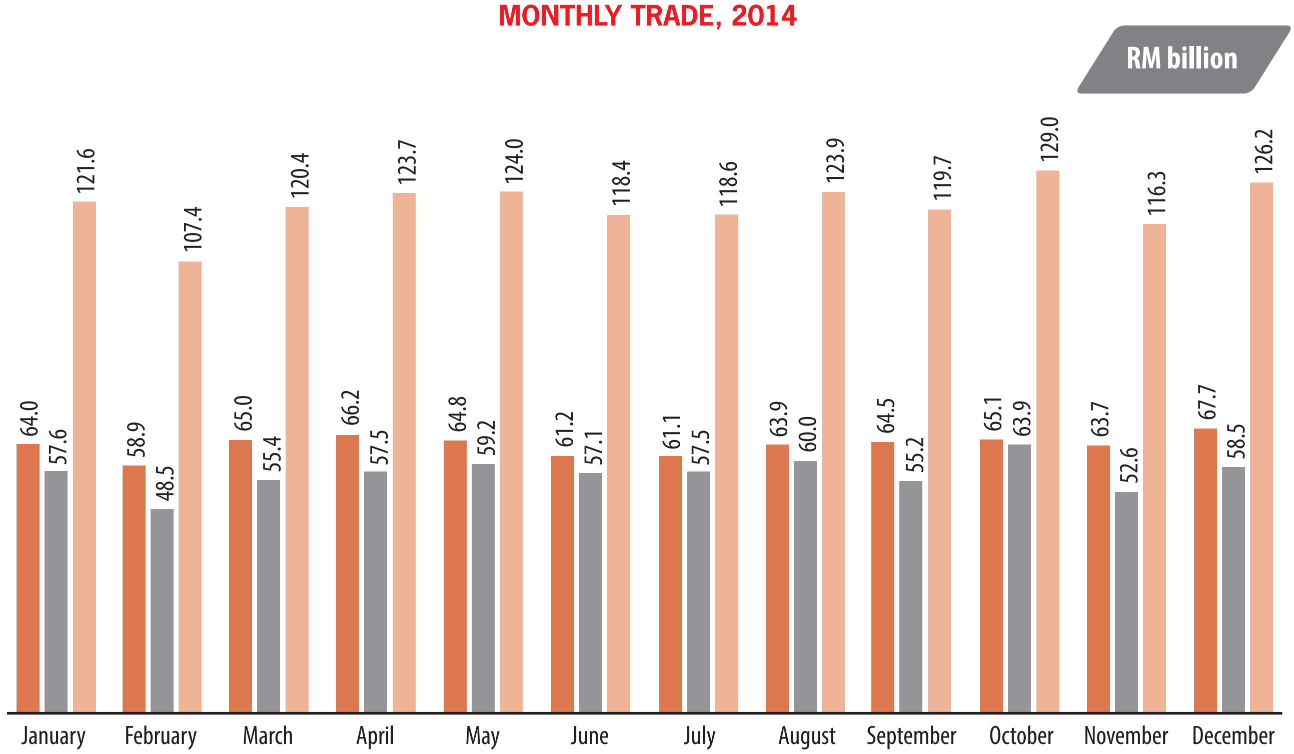

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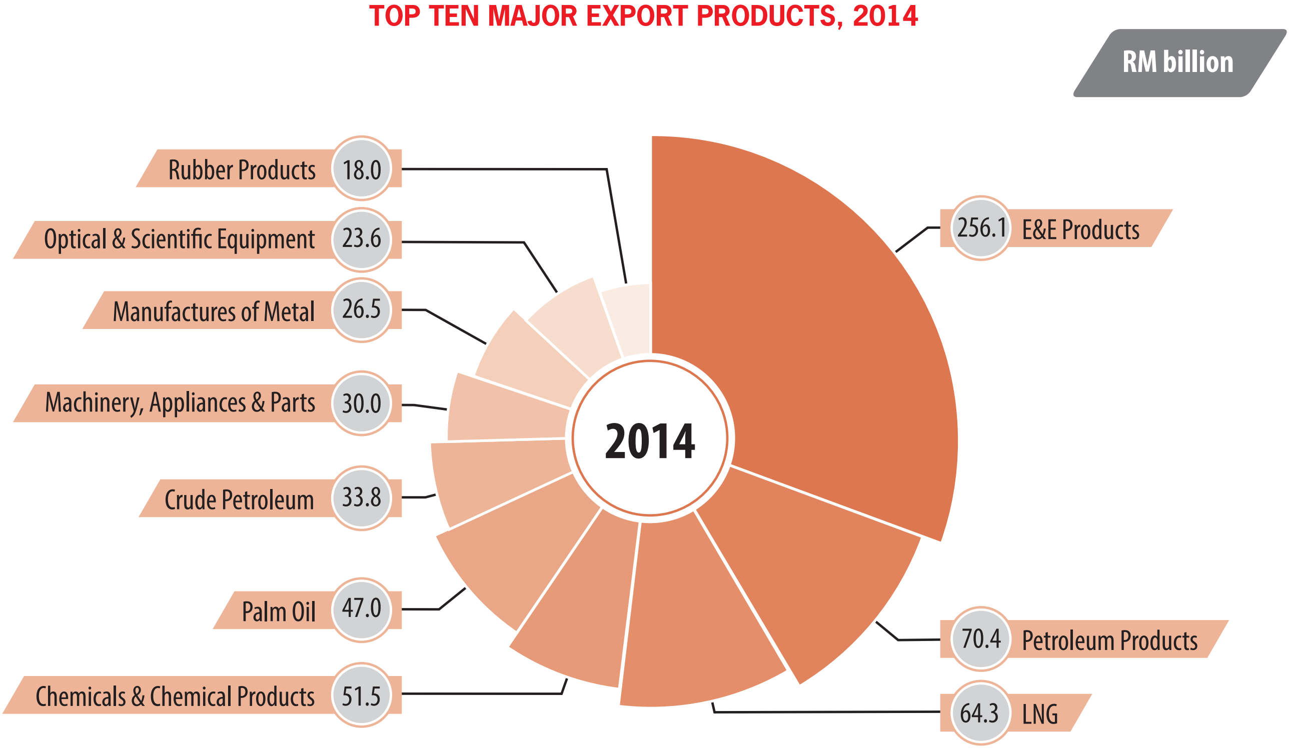
MALAYSIA'S TRADE PERFORMANCE
TOP TEN MAJOR EXPORT PRODUCTS, 2014



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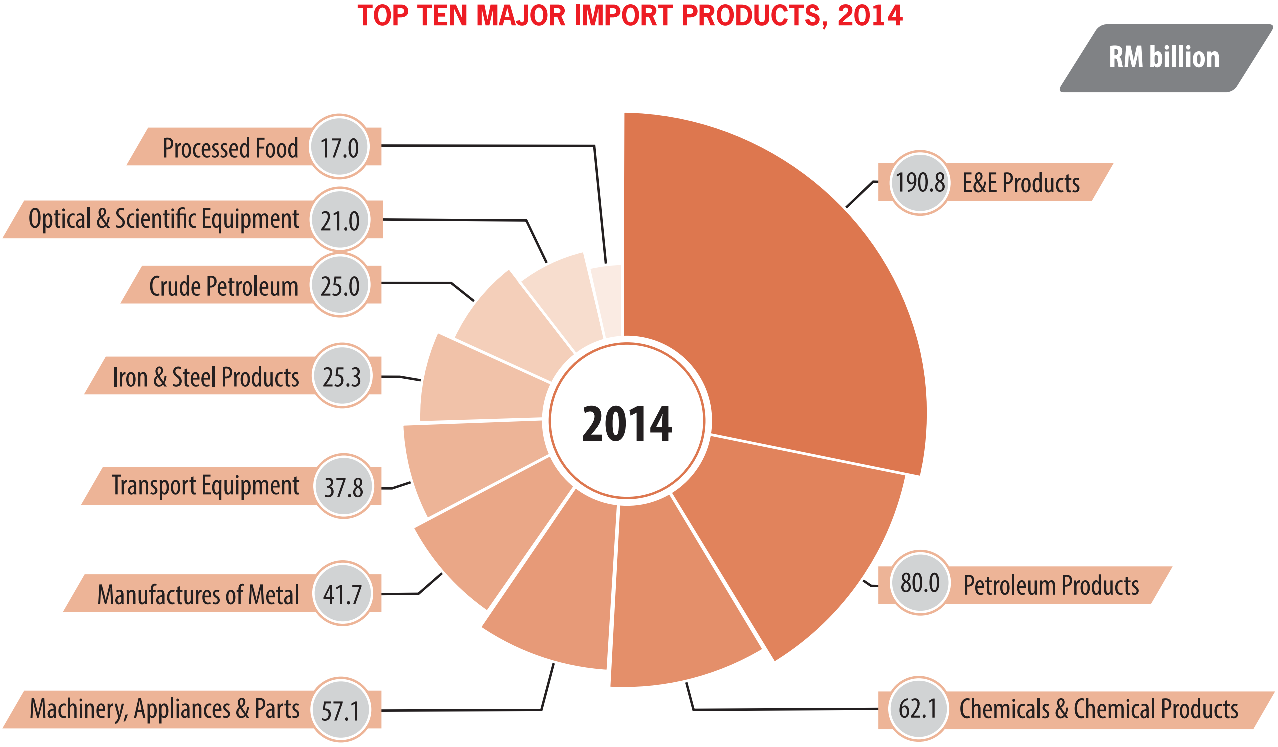

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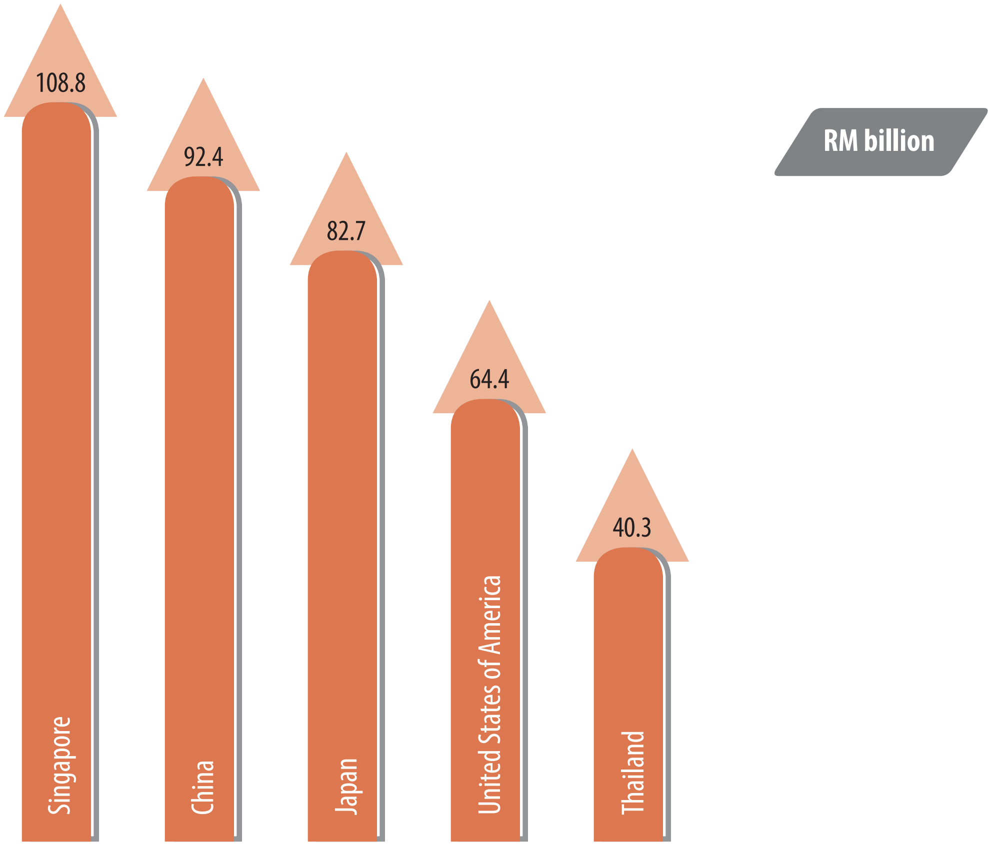

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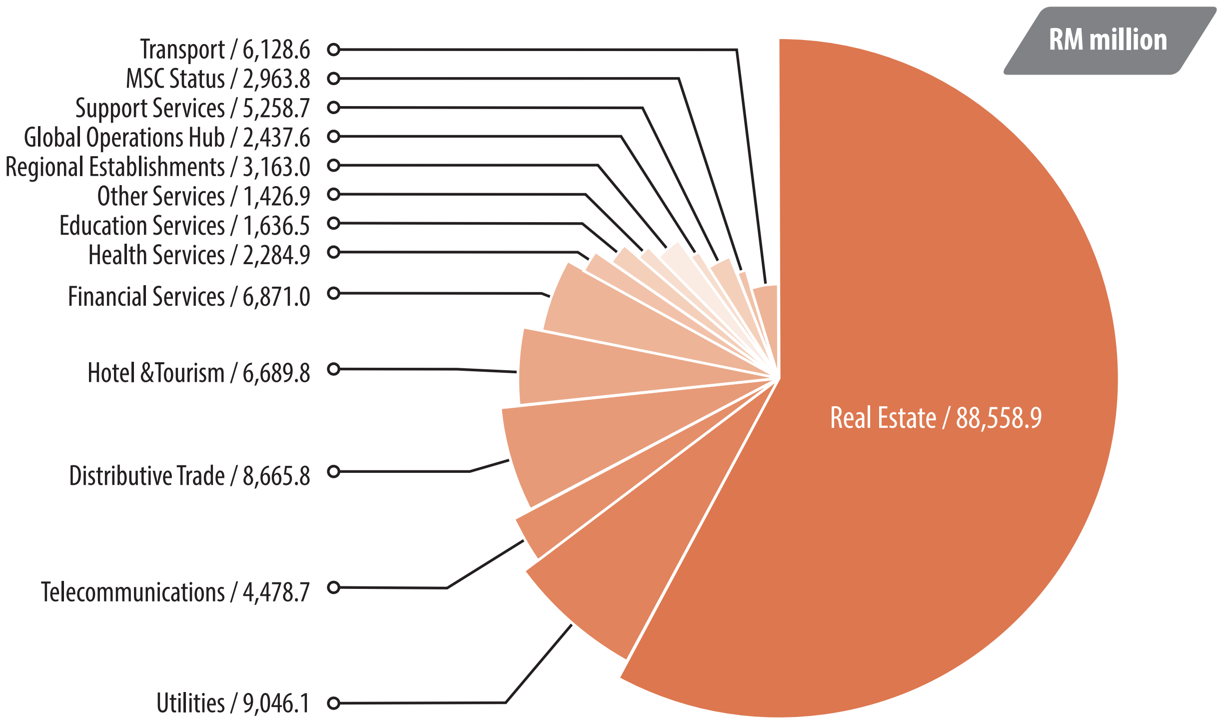
INVESTMENTS IN MALAYSIA'S SERVICES SECTOR 2014



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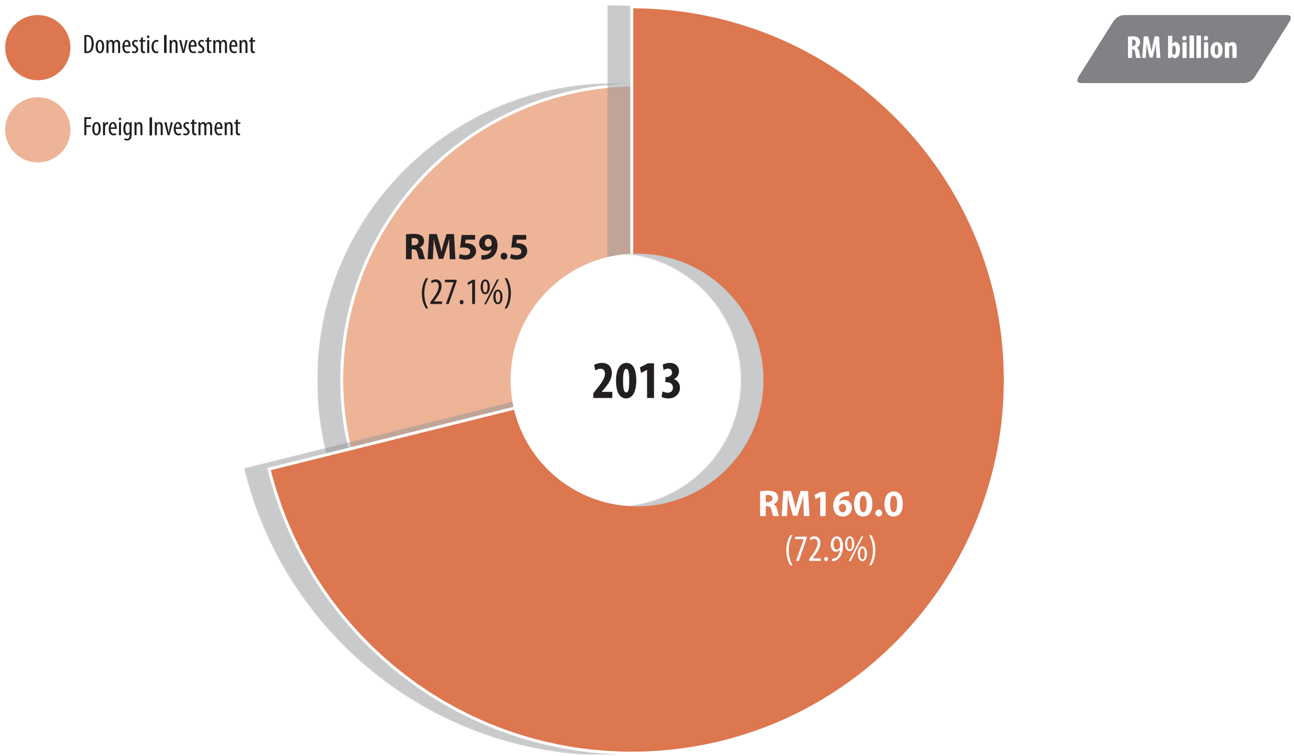
DOMESTIC AND FOREIGN INVESTMENTS IN APPROVED PROJECTS 2013 & 2014



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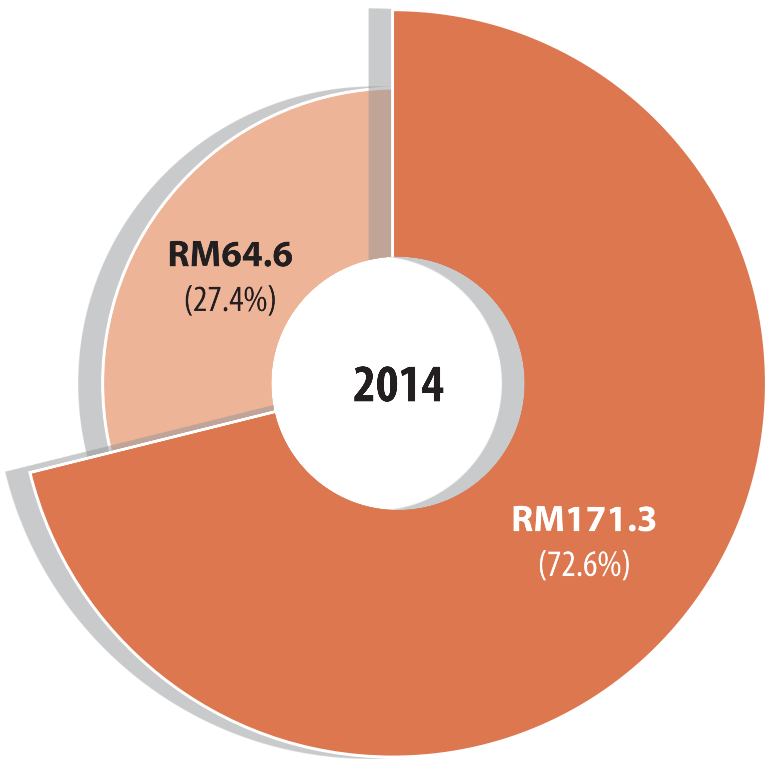

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ECONOMIC OUTLOOK – MALAYSIA AND THE WORLD

Economic Outlook – Malaysia and the World

GROWTH BEYOND EXPECTATIONS

2014 – The Year In Review

Malaysia posted a strong GDP growth of 6.0 per cent for 2014, well within the targeted mark of 5.5 – 6.5 per cent set by the Government the year before. This growth has been the highest achieved since 2010 and has placed Malaysia among the fastest growing economies in Asia and the rest of the world.

This remarkable growth was attained amidst challenging conditions. Malaysia grappled with multiple economic headwinds in 2014, including lacklustre economic growth in the developed markets of Japan, the US and the EU, a subdued developing market environment in China and ASEAN, plunging global oil prices, a depreciating Ringgit Malaysia, weak commodity prices for palm oil and rubber and devastating floods in several states of Malaysia which affected commodity production.

The resilience of Malaysia's diversified economy and strong economic fundamentals as well as structural and fiscal reforms previously laid-down by the Government helped weather the challenging global scenario. Aggregate domestic demand remained the main driver of the economy in 2014, as it did in 2013. Private sector investment expanded by 11.0 per cent, albeit slightly slower compared to the year before (2013 : 13.1 per cent). Growth in private investment was driven largely by capital spending in the manufacturing and services sectors, both of which accounted for more than 75.0 per cent of private investment. Double-digit investment growth is a positive indicator of continued strong investor confidence in Malaysia.

Malaysia attracted RM35.1 billion in foreign direct investments (FDI) in 2014 compared to RM38.2 billion in 2013. Despite the slight reduction in value achieved in 2014, the FDIs were specifically chosen 'quality investments', defined as investments that have strong linkages with domestic industries; investments that are high-value added, high technology, knowledge-intensive and skill-intensive and can generate multiplier effects and GNI impact. Overall, quality investments must support and complement Malaysia's objective of becoming a high income, inclusive and sustainable nation by 2020.

In 2014, private sector consumption grew at a more leisurely pace of 7.1 per cent compared to 7.2 per cent in 2013. Private consumption continued to thrive in a supportive environment with ready access to financial services, continued wage growth particularly in domestic and export-oriented industries as well as a stable labour market with a low unemployment rate of 2.9 per cent (2013 : 3.1 per cent).

Growth in public consumption moderated to 4.4 per cent in 2014 compared to 6.3 per cent in 2013. This was attributed to the slower pace of growth in government spending on emoluments, supplies and services. Public investment contracted by 4.9 per cent in 2014 on the back of lowered government expenditure, falling below the modest growth of 2.2 per cent attained the year before.

On the supply side, growth in 2014 was sustained by all the major economic sectors. Services expanded by 6.3 per cent (2013 : 5.9 per cent) while manufacturing powered ahead to reach 6.2 per cent (2013 : 3.5 per cent) due to continued growth from export-oriented industries. Construction grew by 11.6 per cent ahead of the 10.9 per cent posted in 2013, largely from growth in the residential and non-residential sub-sectors. Mining expanded strongly by 3.1 per cent, (2013 : 0.7 per cent) despite the global decline in oil prices, due mainly to Malaysia's higher crude oil production in 2014. Even the agricultural sector which saw lacklustre growth throughout the year from soft commodity prices and lower production due to severe flooding in several states of Malaysia, ultimately pulled through to post a growth of 2.6 per cent, marginally higher than the 2.1 per cent achieved in 2013.

Contrary to expectations, exports in 2014 rose by a surprising 6.4 per cent (or RM46.14 billion) to reach RM766.13 billion, surpassing not only the Government's earlier forecast of 6.0 per cent but also the 2.4 per cent growth attained the year before. Similarly, imports grew, but at a slightly slower rate of 5.3 per cent (or RM34.32 billion) to RM683.02 billion, resulting in a trade surplus of RM83.11 billion. The 2014 trade surplus marked Malaysia's 17th consecutive year of trade surplus since 1998.

For the 12 months of 2014, inflationary pressures remained high, between 3.0 – 4.0 per cent. The headline inflation rate finally settled at 3.2 per cent, above the 2.1 per cent attained in 2013. The rising cost of living coupled with the rationalisation of fuel subsidy contributed to the higher inflation rate.

GLOBAL SCENARIO IN 2014

Struggling to Gain Momentum

Global growth in 2014 was disappointing and lower than initially forecast. The World Bank's Global Economic Prospects of 13 January 2015 reported that global growth in 2014 increased marginally by 2.6 per cent from 2.5 per cent in 2013.

The International Monetary Fund (IMF) World Economic Outlook's Update of 20 January 2015 on the other hand, posted a more optimistic outcome. The IMF pegged world output growth in 2014 at 3.3 per cent, mirroring the same growth attained earlier in 2013.

Overall, after taking into account the general performance of world economies, 2014 appeared to be a dismal replication of the global economic environment which had plagued 2013, characterised largely by weak trade, falling commodity prices and low interest rates.

Malaysia's major trading partners posted a mixed bag of economic performance in 2014.

The United States of America

In 2014, the largest economy in the world, the US grew at its fastest pace in four years, surpassing all other developed economies. Gross Domestic Product (GDP) grew 2.4 per cent for the 12 months of 2014, up from 2.2 per cent in 2013. And amidst a generally weak and uneven world economy projected for the next couple of years, the world is banking on the US to be the engine of growth for 2015 and 2016.

Malaysia posted a strong GDP growth of 6.0 per cent for 2014, well within the targeted mark of 5.5 – 6.5 per cent set by the Government the year before. This growth has been the highest achieved since 2010 and has placed Malaysia among the fastest growing economies in Asia and the rest of the world.

Economists are of the view that among advanced economies, the US economy represents the one global bright spot in a sluggish sea of sputtering growth. Others point out that the US economy, on closer inspection had in fact, only achieved a marginal increase in GDP of 2.4 per cent in 2014, which was only slightly better than the average of 2.2 per cent posted in the last 5 years after the financial crisis of 2008/2009. This expansion in economic activity in 2014, was largely driven by private consumption - that is consumers who, boosted by excess discretionary income from cheaper oil prices, had gone on a spending spree, bolstered by signs of rising consumer confidence and improvements in job creation.

There are also concerns that the US Dollar which had started to strengthen against a basket of other major currencies in the second half of 2014 would accelerate US spending on cheaper imports and dampen demand for US exports of goods and services, thus contributing to a widened trade gap which would ultimately hurt US GDP growth.

The People's Republic of China

In 2014, China, the second largest economy in the world, grew marginally slower by 7.4 per cent from 7.7 per cent the year before. This was below the 7.5 per cent forecast by China's National Bureau of Statistics and marked the lowest growth posted in more than 20 years. China's economy was dragged down by soaring debt, a housing glut and overcapacity in many industries.

After decades of double-digit growth powered mainly by exports and investment that lifted domestic living standards, propelled global trade to new heights and drove the growth of world economy; China's slipping economic momentum is expected to exacerbate an already vulnerable world economy and negatively impact economies around the world. Global prices for commodities have fallen, badly affecting the economies of producer nations, as the pace of China's once insatiable appetite for raw material imports slowed.

Japan

Japan is the world's third biggest economy after the US and China. In 2014 Japan continued to battle recessionary pressures, with the economy going into recession for two consecutive quarters (in the second and third). Japan posted a modest GDP growth of 0.4 per cent (or 1.5 per cent annualised real GDP) in the 4th quarter instead of the 0.6 per cent forecast by the Cabinet Office's preliminary report. For the 12 months of 2014, GDP contracted by 0.03 per cent in real terms, due largely to weak consumer spending.

The dismal growth was a disappointment to the Government which had expected a better outcome to help stimulate private consumption, capital spending, wage growth and reduce public debt; and to ultimately steer the economy out of decades of economic stagnation. GDP growth for 2014 was below the IMF (World Economic Outlook of 20 January 2015) forecast of 0.1 per cent.

Singapore and Thailand in ASEAN

While Malaysia's full year growth of 6.0 per cent put it firmly among the fastest growing countries in Asia, her two major trading partners in ASEAN, Singapore and Thailand, did not fare so well in 2014.

Singapore is largely dependent on merchandise and services trade and is highly susceptible to any hiccup in the global economy. For the 12 months of 2014, Singapore's GDP growth slowed to 2.9 per cent, lower than the 4.4 per cent attained in 2013. The manufacturing sector grew to 2.6 per cent from 1.7 per cent in the previous year, supported mainly by activity in the biomedical manufacturing and chemicals clusters. However, slower growth in nearly all sub-sectors of the services-producing industries, which fell from 6.1 per cent in 2013 to 3.2 per cent in 2014, shaved some points off the island's GDP growth.

Adding to the drag was the faltering growth in the construction sector which, weighed down by lower private sector construction activities, dropped to 3.0 per cent from 6.3 per cent in 2013. While GDP numbers were lower than what the island republic is used to, the Government attributed the slower growth to economic restructuring policies including curbing the influx of foreign workers and a softening in the global economic environment. However, the major concern is centred more on the declining productivity performance, which Singapore has to address to ensure sustainable growth in the future.

Despite strong growth in the 4th quarter of 2014, Thailand's overall 12-month GDP growth stood at 0.7 per cent, a steep fall from the 2.9 per cent posted the year before. The growth attained was lower than the 1.0 per cent projected by both the International Monetary Fund's (World Economic Outlook of 20 January 2015) and the Asian Development Bank's (Asian Development Outlook of December 2014), but higher than the World Bank's (Global Economic Prospects of 13 January 2015) forecast of 0.5 per cent.

This marked Thailand's smallest growth since 2011 when massive floods devastated 65 out of the country's 77 provinces and the nation's GDP growth stood that year at a mere 0.1 per cent.

OUTLOOK FOR MALAYSIA AND THE WORLD

We Are Globally Connected

Global growth is projected to be scattered and uneven with some countries performing better than others, but overall, the International Monetary Fund (World Economic Outlook Update of 20 January 2015) projects world output or GDP growth to increase from 3.3 per cent in 2014 to 3.5 per cent in 2015. The IMF has revised growth downwards by 0.3 per cent from their earlier forecast in October 2014.

The World Bank in the Global Economic Prospects report of 13 January 2015 presented a more pessimistic view, projecting that, "Overall, global growth is expected to rise in 2015 to 3.0 per cent, and to be sustained at 3.2 - 3.3 per cent in 2016 - 2017. This should be supported by continued recovery in the US, a gradual acceleration of activity in the Euro area, and receding headwinds to growth among slower growing developing regions. The sharp decline in oil prices since mid-2014 is projected to be sustained and to contribute to global growth, with significant income shifts from oil-exporting to oil-importing economies."

The Malaysian economy is well-diversified and sufficiently robust to weather the economic headwinds in 2015. Malaysia will continue initiatives and policies to enhance competitiveness, to strengthen the resilience of the economy and to implement and improve fiscal reforms to better manage unforeseen shocks in the future.

In the face of a still challenging but more optimistic economic environment in 2015, the Malaysian economy is expected to remain resilient. Taking into consideration the weak global economy, the slump in oil prices, soft commodity prices and the depreciated Ringgit Malaysia; the nation's GDP is projected to grow between 4.5 – 5.5 per cent in 2015, well within the forecast range set by the International Monetary Fund (5.2 per cent), the World Bank (4.7 per cent) and the Asian Development Bank (5.3 per cent).

The forecast of a global economic recovery in 2015 is a positive development in an environment still clouded with risks and uncertainties. Malaysia is banking on the economic recovery of advanced economies as well as the economies of her trading partners such as the US to accelerate demand for her manufactured exports, although this is likely to be tempered by lower export growth in her commodity exports. Malaysia's export growth in 2015 is expected to remain modest as commodity prices continue to remain soft, going into 2015 - 2017 (World Bank Global Economic Prospects of 13 January 2015).

Cheaper oil prices is expected to stimulate domestic demand and increase disposable income in 2015, in preparation for and somewhat cushioning the expected temporary flagging of private consumption in the wake of the 6.0 per cent Goods and Services Tax (GST) to be implemented later in April the same year. Domestic demand has been the main driver of the Malaysian economy in 2013 and 2014, and despite the expected moderation in 2015, private consumption will still remain the pillar of domestic growth.

Moving forward into a future of cheaper oil and a weaker Ringgit Malaysia clearly adds a certain risk dimension, but at the same time it also opens up a new set of opportunities. Lower energy prices can translate to lower production costs which can improve competitiveness, offer cheaper services including travel and tourism, fuel cheaper exports, inspire a broader consideration for export substitution and possibly even draw direct foreign investment by presenting a more competitive environment for doing business.

The Malaysian economy is well-diversified and sufficiently robust to weather the economic headwinds in 2015. Malaysia will continue initiatives and policies to enhance competitiveness, to strengthen the resilience of the economy and to implement and improve fiscal reforms to better manage unforeseen shocks in the future.

The outlook for Malaysia's main trading partners remains mixed. While the world economic outlook is expected to be generally subdued, there are scattered pockets of encouraging growth. The GDP growth in 2015 for advanced economies is forecast to rise to 2.4 per cent from 1.8 per cent in 2014. However, in the advanced economy of the US, growth is projected stronger than expected and is set to surpass the sluggish increase of 1.2 per cent in the Euro area and 0.6 per cent in Japan. GDP growth in the US is projected to accelerate to a high of 3.6 per cent in 2015, and then moderate slightly to 3.3 per cent the following year. Growth in the US will be largely powered by a robust private domestic demand, growing on the back of cheaper oil prices. US Dollar appreciation could however dampen US export growth while increasing cheaper imports.

Growth in China is expected to moderate further, shrinking from 7.4 per cent in 2014 to 6.8 per cent in 2015 and 6.3 per cent in 2016. The gradual deceleration is expected to have some negative spillover effects on the regional economies of Asia, including commodity exporters and developed economies like the US who actively trade with China.

In an effort to stimulate the Chinese economy, policymakers in China are trying to steer her away from an overdependence on trade and investment and instead focus on growth based on domestic consumption. The government has already embarked on economic and financial reforms to check the real estate market, to prioritise employment generation and to push towards a more sustainable market-driven economy. The year 2015 is expected to be a crucial transition year for the Chinese economy as the growth target is slowly lowered and carefully managed to allow for more flexibility in its economic and restructuring reforms.

Japan is projected to post a growth of 0.6 per cent in 2015, surpassing the dismal performance in 2014 and benefitting from soft oil prices to contain the cost of more expensive energy imports. The economy's recovery is also expected to be supported by labour market reforms and wage growth which should help stimulate private consumption. Growth is expected to remain modest, improving slightly to 0.8 per cent in 2016.

The outlook for East Asia and the Pacific which includes ASEAN and China is slightly more upbeat. According to the World Bank, the region is projected to grow 6.9 per cent in 2015 and maintain that pace throughout 2016 - 2017. The region will also benefit from any recovery in major economies such as the US, the EU, Japan or China.

The economy of Singapore is expected to be marginally better in 2015, growing between 2.0 and 4.0 per cent from 2.9 per cent in 2014. Singapore's concerns stem from the global environment, which is filled with risks and uncertainties that can erode her own market and that of her major trading partners. As a trade dependent nation, Singapore foresees headwinds in her externally-oriented sectors of manufacturing and wholesale trade, as well as in the labour-strapped construction, retail and food services sectors, due to the tight labour market and rising vacancy rates in the economy.

The outlook for East Asia and the Pacific which includes ASEAN and China is slightly more upbeat. According to the World Bank, the region is projected to grow 6.9 per cent in 2015 and maintain that pace throughout 2016-2017. The region will also benefit from any recovery in major economies such as the US, the EU, Japan or China.

The growth in Thailand is expected to easily surpass the dismal 0.7 per cent growth posted in 2014. Stagnant domestic demand combined with political uncertainty and social tension brought Thailand's GDP growth to one of its lowest levels in history.

For 2015, the government projects GDP growth at around 4.0 per cent, backed by strong economic fundamentals and low interest rates. Private consumption, investment and government spending will be the main drivers of growth.

Boosted by lower oil prices, Thailand's exports are also expected to grow, but at a slower pace, tempered by lower commodity prices and exports. Merchandise exports are projected to grow by only 1.0 per cent in 2015, due to depressed demand growth from Thailand's trading partners in the Euro zone and in Japan.

INTERNATIONAL TRADE AND ECONOMIC RELATIONS - MALAYSIA AND MAJOR TRADING PARTNERS

International Trade and Economic Relations

MALAYSIA AND MAJOR TRADING PARTNERS

Trading in Tough Times

World trade grew less than 4.0 per cent during the years 2012 to 2014; well below the pre-2008/2009 global financial crisis average annual growth of 7.0 per cent. According to the World Bank, the slowdown in global trade has been driven by both cyclical factors and structural factors. Cyclical factors include weak global growth and persistently anaemic import demand in high-income countries. The structural factors contributing to global trade inertia include impaired access to trade credit in some economies and the changing relationship between trade and income, where world trade is seen to become less responsive to changes in global income. The lack of responsiveness is attributed mainly to the slower expansion of global supply chains, and a shifting composition of import demand towards less import-intensive items.

World trade growth projections made by the World Trade Organisation (WTO) is a lowered 3.1 per cent in 2014 and 4.0 per cent in 2015. This is a scaling back of its earlier forecasts made in April 2014, from 4.7 per cent in 2014 and 5.3 per cent in 2015, after taking into account the poor performance of world GDP growth, the muted global import demand and low commodity prices worldwide. World merchandise trade grew 2.2 per cent on average during 2012 to 2013.

Against this backdrop of uncertainty, Malaysia's trade performance stood out strong. Supported by better than expected export growth, Malaysia's total trade in 2014 continued an upward trend, expanding by 5.9 per cent (2013 : 4.5 per cent) to reach RM1.45 trillion compared with RM1.37 trillion in 2013.

Exports in 2014 rose by 6.4 per cent or RM46.14 billion to RM766.13 billion; marginally surpassing the 6.0 per cent export growth projection set in Malaysia's 2014/2015 Economic Report. The 2014 export performance in a challenging global trade environment stacks a favourable comparison against the more marginal increase of 2.5 per cent or RM17.39 billion to RM719.99 billion attained the previous year.

Imports increased by 5.3 per cent or RM34.32 billion to RM683.02 billion in 2014. The resultant double-digit growth in trade surplus of 16.6 per cent or RM83.11 billion, on the back of accelerating exports, represented the nation's 17th straight year of trade surpluses. The trade surplus in 2014 was significant in that it marked a pivotal turnaround from the negative growth posted in both 2013 (-25.7 per cent) and 2012 (-22.8 per cent).

Malaysia's major trading partners in 2014 remained unchanged; with the largest, China, accounting for 14.3 per cent or RM207.85 billion of Malaysia's total trade; followed by Singapore (13.4 per cent : RM194.52 billion); Japan (9.5 per cent : RM137.45 billion); the US (8.1 per cent : RM116.75 billion); and Thailand (5.5 per cent : RM79.92 billion).

MALAYSIA'S TRADE OUTLOOK FOR 2015

Global Connectivity with Trading Partners

Malaysia's robust trade performance in the face of a global slowdown was mainly attributed to stronger export growth of 7.1 per cent in manufactured goods; higher exports to ASEAN which accounted for 27.9 per cent of Malaysia's total exports; an increase in exports to the US due to a stronger recovery of the US market ; as well as higher export numbers to Japan for electrical & electronics (E&E); and firm palm oil exports to India.

Malaysia's global trade is expected to moderate in 2015 in the face of slow global demand, and low commodity prices for palm oil and rubber. The economic outlook for Malaysia's trade is largely dependent on developments in major economies.

Weak import demand and sputtering GDP growth in the economies of her major trading partners will impede Malaysia's exports. Anaemic recovery in the Euro area and Japan, which together account for almost a third of global imports, will weigh down on Malaysia's trade growth.

However, the strengthening demand from high income economies such as the US and the UK, coupled with a strong US Dollar and a weakened Ringgit Malaysia may well lift Malaysia's trade performance to acceptable levels in 2015.

FREE TRADE AGREEMENT (FTA) PARTNER COUNTRIES

Total trade with FTA partner countries registered a growth of 3.9 per cent to RM906.6 billion in 2014. Exports expanded 4.7 per cent to RM491.35 billion while imports grew at 2.9 per cent to RM415.25 billion. FTA countries accounted for 64.1 per cent of Malaysia's total export destinations in 2014.

The increase in exports to the FTA partner countries comes from higher exports of liquefied natural gas (LNG), petroleum products, electrical & electronic (E&E) products, crude petroleum as well as chemicals.

TRADE WITH ASEAN

Growing Strong Together

ASEAN remained an important and strategic trading partner for Malaysia, accounting for 26.9 per cent (2013 : 27.4 per cent) of Malaysia's total trade in 2014. Total trade with ASEAN was valued at RM389.03 billion; an increase of 3.9 per cent from RM374.49 billion in 2013.

Malaysia's exports to ASEAN increased by 5.9 per cent (2013 : 7.1 per cent) to RM213.58 billion (2013 : RM201.63 billion); driven mainly by improved economic and investment conditions within the region, a growing middle-class population with access to higher disposable incomes, as well as positive spinoffs from development and reform initiatives undertaken by ASEAN member economies. The role of cross-border investments should also be mentioned as a contributory force in strengthening industry linkages and intercompany transactions which have positively pushed intra-ASEAN trade.

The increase in exports to ASEAN was due to higher exports of petroleum products, crude petroleum, chemicals, palm oil (crude palm oil, fractionated palm oil, and palm kernel oil, olein and stearin), optical and scientific equipments as well as E&E products. Exports to ASEAN accounted for 27.9 per cent of Malaysia's total exports.

In 2014, exports to all ASEAN markets registered increases except for Indonesia. Exports to Indonesia declined by 4.1 per cent or RM1.35 billion due mainly to lower exports of refined petroleum which decreased by RM1.15 billion.

Imports from ASEAN economies increased by 1.5 per cent to RM175.45 billion in 2014. These imports consisted mainly of petroleum products, E&E products and chemicals.

TRADE WITH SINGAPORE

Malaysia's Largest Export Market

Total trade with Singapore picked up in 2014, growing by 7.8 per cent to RM194.52 billion from RM180.51 billion attained in 2013.

Exports expanded strongly by 8.6 per cent; exceeding the 4.9 per cent growth in 2013 to reach RM108.84 billion from the RM100.26 billion achieved in the previous year. Imports also grew by 6.8 per cent to RM85.68 billion from RM80.25 billion in 2013. This was a sharp reversal from the contraction of 0.3 per cent in 2013.

Singapore remained Malaysia's largest trading partner in ASEAN. Singapore is also Malaysia's largest export destination, garnering a 14.2 per cent share of Malaysia's total exports in 2014 (2013 : 13.9 per cent share). The bulk of Malaysia's exports (92.2 per cent) to Singapore consisted of manufactured goods valued at RM100.49 billion. These were mainly electrical and electronic (E&E) products worth RM36.53 billion (with a 33.6 per cent share) and petroleum products (RM29.38 billion with a 27.0 per cent share).

China has remained Malaysia's largest trading partner for the sixth consecutive year since 2009. Malaysia's total trade with China increased marginally by 2.2 per cent to RM207.85 billion in 2014. Trade grew much slower in 2014 as compared with the double-digit growth of 12.5 per cent to RM203.23 billion, attained in 2013.

TRADE WITH THAILAND

Malaysia's Second Largest Trading Partner in ASEAN

Thailand was Malaysia's second most important trading partner in ASEAN in 2014 after Singapore. Malaysia's total trade with Thailand grew marginally by 1.7 per cent to RM79.92 billion, a consequence of the political instability which embroiled Thailand for much of the year, barring the last few months of 2014. By the time the situation normalised, it was too late for the trade numbers to 'catch up' and Thailand's overall trade performance in 2014 was considerably weaker compared with the year before. In 2013, Malaysia's total trade with Thailand grew by 7.2 per cent to reach RM78.56 billion.

Malaysia's exports to Thailand in 2014 were similarly affected. Exports grew marginally by 0.9 per cent; to reach RM40.27 billion compared to a stronger growth of 6.1 per cent to RM39.92 billion in 2013. Thailand accounted for 5.3 per cent share of Malaysia's total exports in 2014 (2013 : 5.5 per cent).

Manufactured goods accounted for 84.4 per cent share or RM33.99 billion of Malaysia's exports to Thailand in 2014; out of which 33.2 per cent share or RM13.37 billion were E&E products. E&E exports fell by 0.2 percent from a stronger growth of 8.0 per cent posted in 2013. The second largest manufactured exports to Thailand was chemicals and chemical products, which accounted for a 10.0 per cent share and was valued at RM4.03 billion. Growth of this export sector also underwent a contraction of 2.9 per cent from the RM4.15 billion achieved in 2013.

THE PEOPLE'S REPUBLIC OF CHINA

Malaysia's Largest Trading Partner

China has remained Malaysia's largest trading partner for the sixth consecutive year since 2009. Malaysia's total trade with China increased marginally by 2.2 per cent to RM207.85 billion in 2014. Trade grew much slower in 2014 as compared with the double-digit growth of 12.5 per cent to RM203.23 billion, attained in 2013.

Exports to China contracted by 4.8 per cent to RM92.35 billion, from an increase of 9.3 per cent to RM97.04 billion posted in 2013. China accounted for 12.1 per cent share of Malaysia's total exports (2013 : 13.5 per cent). The contraction of exports is attributable to several factors.

Firstly, China's economy was gradually moderating as its Government implemented initiatives and reforms to rebalance the Chinese economy, moving away from a growth model based on exports and public spending, to a more sustainable alternative based on private consumption. As a subsequent effect of the gradual and managed cooling of the economy, manufacturing activities contracted for some sectors and the growth rates of imports from developing economies like Malaysia fell significantly; including China's imports of commodities.

Secondly, slumping global prices for commodities badly affected the value of Malaysia's commodity exports to China, such as that of palm oil and crude natural rubber. Palm oil exports in 2014 contracted by 16.2 per cent to RM7.68 billion from RM9.17 billion in 2013.

However, Chinese imports did not fall across all sectors and product groups. Malaysia's exports of E&E products to China were up by 7.0 per cent or RM2.81 billion to reach RM43.08 billion, due mainly to the country being a major manufacturing producer of smartphones and handheld devices. The share of E&E exports to China expanded from 41.5 per cent in 2013 to 46.6 per cent in 2014. Exports of electronic integrated circuits, optical and scientific equipment and apparatus specially designed for telecommunications, all recorded increases.

Higher exports were also recorded for petroleum products which recorded an increase of RM685.2 million, transport equipment which increased by RM242.6 million, and optical and scientific equipment which increased by RM299.5 million.

China continued to be the largest source of imports for Malaysia and in 2014, imports from China increased by 8.7 per cent to reach RM115.5 billion. A total 41.6 per cent of imports from China were from the E&E product sub-sector, while 46.6 per cent of Malaysia's exports to China were also from the same sector. This alludes to the depth of the global supply chain that exists between China and Malaysia, and the interdependency of trade and shared geographical fragmentation of production between both economies.

JAPAN

Japan – Exports Rising

Malaysia's total trade grew by 1.4 per cent to RM137.45 billion from RM135.56 billion in 2013. Exports to Japan in 2014 rebounded by 4.4 per cent to reach RM82.71 billion from a contraction of 5.0 per cent recorded in 2013. Growth in exports was

CELEBRATING 40 YEARS OF DIPLOMATIC RELATIONS BETWEEN MALAYSIA AND CHINA

In May 1974, under the leadership of the late Tun Abdul Razak Hussein, the second Prime Minister of Malaysia, the country made a historic move to establish diplomatic ties with China. The visions of Tun Abdul Razak, and Zhou Enlai, the then Prime Minister of China, have laid the foundation and given Malaysia and China the impetus to further build and strengthen bilateral ties. Malaysia was the first ASEAN Member State to establish ties with China and also played a pivotal role in linking China as an ASEAN Dialogue partner.

2014 marked the 40th anniversary of strong diplomatic ties between Malaysia and China. To commemorate the momentous event, Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia along with Chinese Premier Li Keqiang attended a grand ceremony in Beijing on 31 May 2014. During the visit, Prime Minister Najib also met with President Xi Jinping.

In conjunction with the 40th anniversary celebrations, a Joint Communiqué was signed on 31 May 2014. In the Joint Communiqué, substantive progress and achievements through bilateral cooperation

in various areas namely trade, investment, tourism, education, financial service, infrastructure development, law enforcement, security and defence were recognised. The Joint Communiqué also recorded Malaysia's firm adherence to the 'One-China Policy' which recognised that the government of China is the sole lawful government representing the whole of China.

Both countries pledged to build stronger all-round strategic partnership, enhance dialogues on their macro-economic policies and step up cooperation in areas such as trade, finance, architectural design, waste and water treatment, port development and logistics, railway, banking, healthcare, agriculture and education.

IMPLEMENTATION OF A FIVE-YEAR PROGRAMME ON TRADE AND INVESTMENT BETWEEN MALAYSIA AND CHINA

Malaysia and China continued to undertake active bilateral engagements in 2014. Following up on the Agreement on Expanding and Deepening Economic and Trade Cooperation which was signed on 28 April 2011, the Five-Year Programme on Economic and Trade Cooperation between Malaysia and China was inked on 4 October 2014. Under the Five-Year Programme, the objectives of the Agreement will be implemented systematically and in a structured basis. Eleven areas of cooperation have been identified namely: agriculture; manufacturing; industrial parks; infrastructure; energy and mineral resources; information and telecommunications; tourism; engineering and architectural services; small and medium-sized enterprises (SMEs); logistics and retailing; and the Halal industry.

In order to expedite collaboration, six areas of cooperation were identified as early harvest projects, as tabled below.

Summary of the Early Harvest Projects:

Agriculture	Cooperation in seed industry and improving cultivation technology of rice through the application of high quality hybrid rice seed.
Manufacturing	Support Chinese automotive companies in developing Right Hand Drive Vehicles and to set up Vehicle Type Approval (VTA) facilities in Malaysia. Research and development in bamboo beam and molded laminated bamboo veneer for furniture components and interior products.
Industrial Parks	Facilitate the importation and exportation of raw materials intended for processing at China-Malaysia Qinzhou Industrial Park (QIP) and Malaysia-China Kuantan Industrial Park (MCKIP), such as crude palm oil and rare earth minerals. Establish a platform to strengthen bilateral industrial cooperation in research and development and production processes, especially for the integration of SMEs, optimisation of technology and market knowledge.
Infrastructure	Cooperation in the operation and expansion of Kuantan Port in Malaysia and Weifang Sime Darby Port in China. ECERDC is the main agency responsible for facilitating foreign investment into Kuantan Port, construction of breakwater and external infrastructure of the port.
Engineering and Architectural Services	Collaboration to establish manufacturing-related services in Malaysia in the areas of rolling stock cars, railway locomotives, cars and other railway vehicles, manufacture, commissioning, testing, maintenance and repair. Among the activities are manufacturing, assembling, overhaul, repair and maintenance and refurbishment for railway transport equipment.
Small and Medium-Sized Enterprises (SMEs)	Cooperation in brand building activities in each other's market. Jointly organise international SME exhibitions to promote exchange and technology transfer between Chinese and Malaysian SMEs.

Malaysia-China Kuantan Industrial Park (MCKIP) and China-Malaysia Qinzhou Industrial Park (CMQIP) are the iconic projects and sister parks of both Malaysia and China. China launched the CMQIP on 1 April 2012 and Malaysia launched the MCKIP on 5 February 2013. The Chinese Central Government had approved a RMB2.4 billion development fund for CMQIP and the Government of Guangxi where CMQIP is located, had pledged RMB1 billion. The Malaysian Federal and State Governments had allocated RM700 million for the development of MCKIP.

The implementation of the identified key areas of cooperation of the Five-Year Programme will be carried out under the Economic Cooperation Working Group (ECWG), under the framework of the Joint Economic and Trade Cooperation Committee. The Chinese side will be led by the Ministry of Commerce while the Malaysian side is led by the Ministry of International Trade and Industry.

driven by a pick-up in Japan's manufacturing activities, absorbing Malaysia's exports of E&E products, manufactures of metal, chemicals, manufactures of plastics as well as optical and scientific equipment.

Strong exports growth was registered for electronic integrated circuits, television reception apparatus, photosensitive semiconductor devices and aircraft parts as a result of higher Japanese investments in Malaysia. Manufactured exports expanded by 6.2 per cent or RM2.07 billion, with the highest expansion seen in E&E products.

Imports from Japan decreased by 2.9 per cent to RM54.75 billion in 2014. Major imports from Japan were E&E products, machinery, appliances and parts as well as transport equipment, mainly passenger motor vehicles and automotive parts and components.

UNITED STATES OF AMERICA

Building Momentum for Stronger Growth

Exports to the US in 2014 recorded a double-digit growth of 11.0 per cent to RM64.41 billion, while imports increased by 3.3 per cent to RM52.33 billion. Total trade amounted to RM116.75 billion; an increase of 7.4 per cent over the past year. The US economy slowly gained momentum in 2014, with a higher purchasing power largely due to low oil prices and improvements in the labour market, which helped push domestic demand for manufactured goods. The stronger US Dollar also made imports more attractive, and this contributed to the acceleration of Malaysia's exports to the US.

Malaysia's E&E exports to the US surged by 11.2 per cent or RM3.68 billion in 2014. The increase was

LOOK EAST POLICY 2.0 (LEP 2.0)

The Look East Policy (LEP) was an economic policy initiated by Malaysia's fourth Prime Minister, Tun Dr. Mahathir Mohamad in 1982, to emulate the success of Japan and Korea in work ethics, morals, practices and policies which had contributed to the countries' remarkable development. Research on LEP's significance and success were mixed, but studies have clearly shown that the LEP, announced more than 30 years ago has left an imprint on Malaysia.

LEP has contributed to the socio-economic change and affected the development of Malaysia through the transfer, adoption, transformation and practice of scholastic knowledge, scientific technologies and management skills, especially in training and education and in the fields of science and technology. Official figures have estimated as many as 15,000 Malaysian citizens have benefitted from the policy, and the current Malaysian government has sought to revive and revise the policy now known as Look East Policy 2.0 (LEP 2.0) for the country.

Inspired by the successful implementation and the ample opportunities made available beyond the first LEP, the second wave of the Look East Policy (LEP 2.0) is designed to be more economic-oriented and in line with Malaysia's Economic Transformation Programme (ETP) and to complement Japan and Korea's pursuit of economic transformation. The LEP 2.0 will continue building on the existing human capital development programmes such as youth exchange programmes and scholarship offerings by respective governments.

The year 2014 was a meaningful year for LEP 2.0. The Prime Minister of Malaysia, Dato' Sri Mohd Najib Tun Abdul Razak, met with President Park Geun-hye of the Republic of Korea (ROK) and Prime Minister Shinzo Abe of Japan, and both leaders reiterated their firm commitment to support the implementation of LEP 2.0. A concrete foundation for the implementation was laid out with the establishment of the Bilateral Cooperation Committee with Japan and the Economic Cooperation Committee with ROK to support both the commitments. These committees, comprising government officials from the respective governments, will discuss and plan for the successful implementation of LEP 2.0 projects.

due to higher exports of apparatus for transmission or reception of voice, images and other data as well as electronic integrated circuits needed for the consumer electronics industry - including smartphones, computer tablets, televisions and audio visual equipment. According to the forecast from the American Consumer Electronics Association, sales of consumer electronic devices will continue to grow by 3.0 per cent in 2015 to reach US$223 billion. Other products that recorded significant increases in exports were chemicals, optical and scientific equipment, machinery, appliances and parts, frozen seafood as well as textiles, clothing and footwear.

THE EURO ZONE

Scattered Growth

Strong exports to selected economies in the EU pushed Malaysia's total trade with the EU up by 6.2 per cent to RM143.98 billion in 2014. Despite sluggish growth in the EU as a whole in 2014, Malaysia's exports to the EU registered a double-digit growth of 11.6 per cent to RM72.84 billion as economic activities began to expand in several countries in the region.

Share of exports to the EU increased from 9.1 per cent in 2013 to 9.5 per cent in 2014. The main contributor to the growth in exports was the demand for E&E products, primarily electronic integrated circuits.

Major export recipients in EU economies include the Netherlands, Germany, the United Kingdom, Belgium and Poland. The economic recovery in Germany was responsible for burgeoning consumption growth for intermediate goods, while in the rest of the EU, the growing popularity of smart devices boosted demand for imports of E&E parts and components from Malaysia.

Other exports to the EU that registered significant increases were palm oil, chemicals, optical and scientific equipment, machinery, appliances and parts, transport equipment, textiles, clothing and footwear as well as manufactures of metal.

Imports from the EU increased by 1.1 per cent reaching RM71.14 billion in 2014. Main imports from the EU comprised E&E products, transport equipment as well as machinery, appliances and parts.

INDIA

Growing Export Prominence

India continued to grow in prominence; becoming Malaysia's 8th largest trading partner in 2014. India occupied the 10th place in 2013; after moving up a notch from the 11th place which it held in 2012. Among the economies of South Asia, India remained Malaysia's largest, and most important trading partner in that part of the world.

Total trade with India in 2014 increased by 7.5 per cent to RM45.24 billion. Exports to India rose by 23.9 per cent or RM6.16 billion, to reach RM31.9 billion in 2014 with higher exports of palm oil, crude petroleum as well as chemicals. Other products that registered increases were exports of furniture, textiles, clothing and footwear as well as processed food.

AFRICA

Expanding Exports into Africa

In 2014, Malaysia's exports to Africa grew by 11.0 per cent to RM19.47 billion compared to RM17.54 billion in 2013. Heightened awareness through active engagement and Malaysia's promotion initiatives within the region, saw exports climb by 4.9 percent from the year before.

Exports increased to the African markets of Kenya, Angola, Mozambique and Tanzania. Major exports to Africa consisted of petroleum products, palm oil, processed food, chemicals and E&E products.

EXPORTS BY SECTOR

Manufactured Exports Take the Lead

In 2014, exports of manufactured goods rose by 7.1 per cent or RM39.11 billion to RM587.25 billion, and accounted for 76.7 per cent of total exports for the year. Exports of almost all manufactured goods registered increases.

Electrical & Electronics (E&E) – Sizzling Performer

The E&E industry is Malaysia's largest manufacturing sub-sector in terms of GDP contribution. The E&E industry is one of the key drivers of Malaysia's exports and industrial development. E&E products have historically been the largest traded items; incorporating Malaysia quite successfully into the Global Value Chain (GVC) of manufacturing.

Malaysia is the fourth most active Asian economy in the GVC trade, and is placed behind China, Japan, and South Korea. China dominates the Asian GVC trade. However, Malaysia has successfully integrated herself into the GVC infrastructure, and accounts for 2.7 per cent of global and 5.2 per cent of Asia's GVC trade over the period 2009 - 2013. Malaysia's participation in the GVC is solely on account of the prominence of the E&E sub-sector in her economy, and the long history of foreign direct investment that Malaysia has attracted into the E&E industry.

Despite its importance, the electronics sub-sector is particularly exposed and susceptible to global shifts in price and demand. Thus Malaysia is working through the Economic Transformation Programme (ETP) in the E&E industry cluster to mitigate and manage some of these risks, and to minimise its vulnerability to global shocks.

Exports of E&E products in 2014 expanded by 8.1 per cent or RM19.16 billion to reach RM256.15 billion - the highest exports value recorded since 2008. The E&E sector accounted for 43.6 percent of manufactured export, and 33.4 per cent of total exports. Export growth was fuelled by a stronger global demand for new applications of semiconductors, and the new wave of technologies for Internet of Things (IOT).

The higher demand for E&E products was led by electronic integrated circuits which grew by 17.8 per cent to reach RM92.21 billion. Other E&E product segments that contributed to export growth include apparatus for transmission or reception of voice, images and other data (which increased by 58.5 per cent to RM7.4 billion); parts for diodes, transistors, piezoelectric crystals and other semiconductor devices (which grew by 36.9 per cent to RM5.34 billion); parts for electrical machinery and apparatus which accelerated significantly to RM1.56 billion; parts and accessories for television, radio, transmission apparatus and other telecommunication apparatus, which increased by 30.7 per cent to RM4.15 billion; as well as photosensitive semiconductor devices which grew by 8.0 per cent to RM11.19 billion.

Export markets that recorded significant demand and increases for E&E products were Hong Kong, the US, China, Taiwan, Japan and Mexico. The recovery in the EU and stronger manufacturing activities recorded in ASEAN had also contributed to the increased exports of E&E products to these markets. Exports of E&E products to the EU and ASEAN increased by RM4.92 billion and RM694.6 million respectively.

Other Manufactured Exports

Other manufactured products that contributed to the growth of Malaysia's manufactured exports in 2014 were chemicals, which increased by 8.5 per cent to RM51.51 billion, consisting primarily of alcohols, phenols and their derivatives. Machinery, appliances and parts, which increased by 10.9 per cent to RM30.01 billion, were mainly machines and mechanical appliances specialised for particular industries, while optical and scientific equipment, which increased by 13.4 per cent to RM23.64 billion, consisted primarily of automatic regulating or controlling instruments and apparatus. Other products also include processed food, which charted an increase of 16.3 per cent to RM16.56 billion; iron and steel products, grew by 28.2 per cent to RM9.57 billion; petroleum products went up by 2.9 per cent to RM70.36 billion while textiles, clothing and footwear registered an increase of 13.0 per cent to RM12.12 billion. Manufactures of plastics increased by 11.6 per cent to RM11.92 billion; transport equipment grew by 10.0 per cent to RM10.58 billion; and wood products, increased by 3.9 per cent to RM14.72 billion.

Mining and Agricultural Sector Exports

Exports of mining goods increased by 6.8 per cent or RM6.66 billion to RM104.6 billion in 2014. This was due to the increase in exports of LNG and crude petroleum which grew by 7.9 per cent and 6.8 per cent, respectively. For LNG, the average unit price was elevated by 5.5 per cent, while export quantity was up by 2.3 per cent. Export quantity of crude petroleum grew by 9.5 per cent while average unit price dropped by 2.5 per cent.

Malaysia has set in place strategies to actively explore and promote import-substitution services such as shipping, port education and professional services to reduce her dependence on foreign sources for the procurement of goods and services, and hence save revenue. ...the structure of the export chain will be scrutinised and strengthened to formulate a more competitive and direct routing of exports reaching the end-customers directly...

There was a nominal increase of 0.6 per cent or RM401.0 million in the exports of agricultural goods, to reach RM69.2 billion. Exports of palm oil grew by 2.3 per cent to RM46.95 billion, supported by 3.6 per cent growth in average unit price and 5.3 per cent in quantity. Exports of crude natural rubber declined by 34.9 per cent to RM4.57 billion, due to a 23.6 per cent drop in average unit price and 14.8 per cent reduction in export quantity.

IMPORTS

Manufactured Imports Also Take the Lead

Manufactured goods which accounted for 86.3 per cent of Malaysia's total imports were the largest category of imports in 2014.

Major imports of manufactured goods in 2014 were E&E products which accounted for 27.9 per cent share of Malaysia's total imports; petroleum products which consisted mainly of refined petroleum garnered a 11.7 per cent share; chemicals, with a 9.1 per cent share; machinery, appliances and parts had a 8.4 per cent share; and manufactures of metal which cornered a 6.1 per cent share.

China was the largest source for imports; followed by Singapore, Japan, the US, Thailand and Taiwan. These countries collectively accounted for 55.9 per cent of total imports. ASEAN contributed RM175.45 billion or 25.7 per cent of Malaysia's total imports for the year 2014.

MALAYSIA AND TRADE - GOING FORWARD

With the global economy struggling to gain momentum and weak global growth anticipated to persist in 2015, Malaysia is expected to face considerable economic headwinds in moving the economy forward. To ensure the nation continues to achieve a balanced, inclusive and sustainable economic growth, the Government has put in place measures to boost exports of goods and services.

Malaysia has set in place strategies to actively explore and promote import-substitution services such as shipping, port education and professional services to reduce her dependence on foreign sources for the procurement of goods and services, and hence save revenue. At the same time, the structure of the export chain will be scrutinised and strengthened to formulate a more competitive and direct routing of exports reaching the end-customers directly without having to go through a secondary intermediary, and incur additional costs.

The National Export Council, supported by the Ministry of International Trade and Industry, is entrusted to ensure that Malaysia embarks on the exploration of new export markets; strengthens product chain and logistics; and produce non-labour intensive exports of high value.

Malaysia is also in the mid-phase of its implementation of the Economic Transformation Programme (ETP) which was launched in September 2010. The ETP, the catalyst for economic growth, was formulated to elevate the country to developed-nation status, while ensuring sustainable and inclusive growth. It is also a comprehensive blueprint which serves to gravitate and move the 12 National Key Economic Areas (NKEA) and their clusters to contribute to Malaysia's GNI with the ultimate goal of achieving a developed nation status by the year 2020.

DEVELOPMENTS IN THE MULTILATERAL TRADING SYSTEM

BUILDING AND REINFORCING LINKAGES

Overview

The Doha Development Agenda (DDA), which was launched in 2001, remained the focus of the 2014 World Trade Organisation (WTO) Work Programme to liberalise market access in goods and services and further improve the rules governing the multilateral trading system.

In 2014, Malaysia assumed an active role in the WTO negotiations despite limited progress in attempts at concluding the Doha Round.

SIGNIFICANT DEVELOPMENTS IN 2014

Trade Facilitation

WTO members concluded negotiations on the Trade Facilitation Agreement, as part of the deliverables known as the "Bali Package", at the Ninth WTO Ministerial Conference held in Bali from 3 - 7 December 2013. The Trade Facilitation Agreement contained provisions to expedite the movement, release and clearance of goods, including goods in transit. The Agreement also sets out technical assistance and capacity building initiatives for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues.

On 27 November 2014, the General Council adopted the Protocol of Amendment which facilitated for its ratification by Members; after which the Protocol shall enter into force once two-third of the Members submits the Instrument of Acceptance.

Trade Policy Review

The Trade Policy Review Mechanism (TPRM) enhanced transparency of Members' trade and trade-related policies and measures. All WTO Members have to undergo the trade policy review process where the frequency of each country's review varies according to its share of world trade.

Malaysia's 6th Trade Policy Review was held on the 3 and 5 March 2014. The Trade Policy Review provided WTO members an opportunity to deepen their understanding of Malaysia's trade and investment policies. Malaysia received a total of 2,627 questions which included queries on macroeconomic challenges, transparency of the regulatory and institutional framework, tariffs, non-tariff barriers and regulatory measures, subsidies and state involvement and various sectoral issues.

Malaysia also actively participated in the Trade Policy Reviews of other major trading countries, such as Chinese Taipei (held on 16 and 18 September 2014), Hong Kong (held on 19 and 21 November 2014) and the United States of America (on 16 and 18 December 2014).

On 14 March 2014, the WTO General Council appointed Ms. Mariam Md. Salleh, the Permanent Representative of Malaysia to the WTO, as the Chairperson of Trade Policy Review Body for a tenure of 12 months.

Trade Remedies

The application of trade remedy measures is on the rise globally. Many countries adopt these measures to provide remedy to their domestic industries against unfair trade practices.

Trade remedy measures available are in the form of anti-dumping, countervailing or safeguard duties. Measures can be imposed based on evidence of the industry having suffered or is threatened with injury, amongst others, in terms of effect on pricing of the product, decrease in volume of sales or decrease in profitability or loss in market share.

In Malaysia, trade remedy measures are implemented under relevant domestic laws and regulations, namely the Countervailing and Anti-Dumping Duties Act 1993, Countervailing and Anti-Dumping Duties Regulations 1994, Safeguards Act 2006 and Safeguards Regulations 2007. The legislation mirrors the provisions of the WTO Agreements on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, as well as the Agreement on Safeguards.

To date, Malaysia has initiated 24 anti-dumping cases on various products from the steel, chemical, wood, plastic and other sectors. In 2014, Malaysia initiated three anti-dumping cases on Polyethylene Terephthalate (PET), Hot Rolled Coils (HRC), Steel Concrete Reinforcing Bar (REBAR), and one safeguard case on Hot Rolled Plates.

There were also several anti-dumping, safeguard and countervailing cases initiated against Malaysia in 2014, namely in the steel, textile, rubber, chemicals and plastic industries. These actions were taken by India, the US, the Republic of Korea, Indonesia, Thailand, Australia and Brazil.

Resolution of WTO Disputes

The WTO's procedure for dispute settlement under the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) is central to the effective enforcement of rules to uphold a multilateral trading system that is equitable, secure and predictable.

Malaysia in 2014, took full interest as third party on the Australian Plain Packaging case which had five complainant countries; as well as the case on Certain Measures Relating to Solar cells and Solar Modules by India to which the US was the sole complainant.

Malaysia views the Australian case on the packaging of tobacco as important as it will determine the compatibility of Australia's own legislation with its international commitments and the interaction of these trade agreements with other non-trade agreements like the World Health Organisation Framework Convention on Tobacco Control (FCTC). Malaysia's following of India's case on solar cells and solar modules on the other hand, is primarily due to Malaysia's own interest in ensuring a smooth development of its own solar industry.

Another case that Malaysia signed on as third party and follows with close interest is the case on Anti-Dumping Measures on Biodiesel from Argentina, instituted by the EU (DS473). The case is of interest as Malaysia is a major exporter of palm oil biodiesel.

WORLD ECONOMIC FORUM ON EAST ASIA 2014, MANILA, THE PHILIPPINES

UPLIFTING MALAYSIA'S PROFILE IN THE REGION

The Minister of International Trade and Industry, Dato' Sri Mustapa Mohamed, participated in the World Economic Forum (WEF) on East Asia in Manila, Philippines, held from the 21 - 23 May 2014. The theme for the Forum was 'Leveraging Growth for Equitable Progress.'

The WEF organises the highly successful WEF Annual Forum in Davos, Switzerland in January every year, while the WEF East Asia Forum is the regional chapter of the WEF Annual Forum hosted by an East Asia country.

The WEF is an independent international organisation based in Switzerland, committed to improving the state of the world by engaging business, politicians, academicians and other leaders of society to help shape global, regional and industry agendas and issues.

For 2014, the Forum focused on ASEAN's journey towards the realisation of the ASEAN Economic Community (AEC) in 2015, the Post-AEC 2015 Agenda and its impact on the East Asia Region. The Government of Malaysia took the opportunity as the upcoming Chair of ASEAN in 2015 to present Malaysia's experience in transforming the country through the Government Transformation Programme (GTP) and the Economic Transformation Programme (ETP)

The Minister has been an active participant at both the WEF Annual Forum in Davos as well as the WEF East Asia Forum. Malaysia's active contribution is part of the continuous and committed engagement with WEF and its international communities particularly the private sector, with the ultimate aim of uplifting Malaysia's profile and projecting the nation as the preferred destination for trade, investment and tourism.

WEF has proven an important avenue for Malaysia to engage and update economies in Asia as well as around the globe on Malaysia's policies and reforms in driving the nation forward towards a competitive, inclusive and economically developed nation.

Accession to the WTO

Currently, a total of 22 countries (Afghanistan, Algeria, Andorra, Azerbaijan, Bahamas, Belarus, Bhutan, Bosnia Herzegovina, Comoros, Equatorial Guinea, Ethiopia, Iran, Iraq, Kazakhstan, Lebanese Republic, Liberia, Libya, Sao Tome and Principle, Serbia, Sudan, Syrian Arab Republic and Uzbekistan) are at various stages of accession to the WTO.

In June 2014, Yemen officially became the 160th member of the WTO after it notified the WTO Director-General. Members also adopted Seychelles' WTO terms of entry at the General Council Meeting on 10 December 2014. Seychelles will have until 1 June 2015 to ratify the deal to formally become the 161st member of the WTO.

ASEAN ECONOMIC COMMUNITY (AEC)

A WORK IN PROGRESS

Overview

The ASEAN Economic Community (AEC) is one of the three pillars of ASEAN, the other two being the ASEAN Political - Security Community (APSC) and the ASEAN Socio - Cultural Community (ASCC). The main aim of the ASEAN Economic Community is to unify the markets of the 10 ASEAN countries into a single market and production base. To achieve this objective, the ASEAN Leaders adopted the ASEAN Economic Community (AEC) Blueprint in November 2007. The Blueprint spells out four phases beginning in 2008 to a completion target in 2015 for measures targeted at removing and eliminating barriers to trade in goods, services, investments, and facilitating movement of skilled labour, and allowing for greater mobility of capital.

The ASEAN Economic Community's core focus is the attainment of regional economic integration with the characteristics of : a single market and production base, a highly competitive economic region, a region of fair economic development, and a region fully integrated into the global economy.

The areas of co-operation within the AEC includes human resource development and capacity building; recognition of professional qualifications; closer consultation on macroeconomic and financial policies; trade financing measures; enhanced infrastructure and communications connectivity; development of electronic transactions through e-ASEAN; integrating industries across the region to promote regional sourcing; and enhancing private sector involvement.

The goal of the AEC is to transform ASEAN into a single, integrated market with free movement of skilled labour, goods, services, investment, and freer movement of capital. Through this economic integration, the AEC envisions the establishment of an area of equitable economic development, reduced poverty and socio-economic disparities with each member gaining from each other's strengths and collectively benefitting from increased competitiveness and shared opportunities for development.

Implementation and Accomplishment

The AEC is now in its final implementation phase, covering the period 2014 - 2015. All through the first three phases from 2008 to 2013 and over the course of 2014, ASEAN Member States implemented over 83.0 per cent of the measures stipulated in the Blueprint. ASEAN Member States are doubling their efforts to implement all outstanding measures with the view to announcing the formation of an Economic Community (AEC) at the 26th ASEAN Summit in 2015.

Throughout 2014, ASEAN Member States continued to work individually and collectively to deepen their integration targets. Among the main achievements of 2014 were the:

- completion of the 9th Package of Services liberalisation covering over 100 services sector;
- signing of the ASEAN Medical Device Directive (AMDD) to facilitate cross-border trade in medical devices;
- signing of the Protocol to Amend the Agreement Establishing the ASEAN - Australia - New Zealand Free Trade Area (AANZFTA) to make the AANZFTA more business-friendly, transparent and flexible by improving the product-specific rules of origin, certificate of origin requirements, and process for transposition of tariff reduction and origin schedules;
- signing of the Mutual Recognition Arrangement (MRA) for Accountancy Services to facilitate mobility of accountants in the region; and

- signing of the ASEAN - India Trade in Services Agreement and the ASEAN - India Investment Agreement.

Besides these agreements, Cambodia, Lao PDR, Myanmar and Viet Nam continued to reduce and eliminate import duties. To assist intra - ASEAN trade, the Second Self Certification Pilot Scheme that allows exporters to endorse their invoices for purposes of enjoying preferential tariffs was implemented. ASEAN also continued with negotiations to establish an ASEAN - Hong Kong Free Trade Agreement (AHKFTA) and the Regional Comprehensive Economic Partnership.

Malaysia's Efforts

A cornerstone policy of the Ministry of International Trade and Industry (MITI) is to engage and seek feedback from industry and society in the course of any formulation of trade policy. And in MITI's efforts to create a greater awareness of the ASEAN Economic Community and its benefits, several outreach programmes were conducted throughout 2014 to a wide range of stakeholders. These programmes include discussions and seminars involving various trade and industry associations, small and medium enterprises (SMEs), public officials, schools, universities, non-governmental organisations, civil societies, media and ordinary Malaysian citizens. To further deepen and improve the understanding of the AEC, essay writing competitions were even conducted among public officials and universities.

The Way Forward

Collectively, ASEAN represents a market of approximately 625 million people, with a combined GDP of about US$2.3 trillion and more than US$1.8 trillion in trade flowing throughout the region. Intra-ASEAN trade too, has grown over the years, partly as a result of the ASEAN Free Trade Area (AFTA).

The success of the ASEAN Economic Community (AEC) depends on the commitment of each individual member state. The self-imposed deadline for the realisation of the AEC in 2015 is not a hard target with a sudden 'overnight' transformation. Instead, the deadline marks a milestone year, and serves as a measure of a 'work in progress'.

The ASEAN Economic Community's core focus is the attainment of regional economic integration with the characteristics of : a single market and production base, a highly competitive economic region, a region of fair economic development, and a region fully integrated into the global economy.

REGIONAL LINGKAGES WITH DIALOGUE PARTNERS

In 2014, Malaysia was involved in deepening economic initiatives and trade between ASEAN and several dialogue partners around the globe. These include:

ASEAN-CHINA

Upgrade of ASEAN-China Free Trade Agreement (ACFTA)

ASEAN and China engaged in discussions to upgrade the ASEAN - China FTA which was signed in 2004. The scope of the upgrading covered four core elements, namely Trade in Goods, Trade in Services, Investment and Economic Cooperation. The upgrading was meant to facilitate the rapid growth of trade and investment between ASEAN and China. The 6th ASEAN - China Joint Committee (ACFTA - JC) meeting held on 22 - 24 September 2014 had extensively discussed papers on the scope as well as the work programme in 2015 for the upgrade of ACFTA.

The upgrading of ACFTA is expected to achieve expanded and enhanced cooperation and economic integration between ASEAN and China. It is also targeted to improve market access and enable both sides to better address regional and global challenges and to realise the China - ASEAN trade target set at US$1 trillion by 2020.

The scope of the upgrade will include further improvements in tariff reduction on products with high tariffs; streamlining customs procedures and trade facilitation measures and enhancements to the Rules of Origin (ROO) and Product Specific Rules (PSR). Further opening up of the services sector under the ASEAN - China Services Agreement is also being considered. The upgrade will also include specific economic and technical cooperation in priority areas.

11th CAEXPO – China-ASEAN Expo 2014

The China-ASEAN Expo (CAEXPO) is one of the biggest international exhibitions co-sponsored by the Ministry of Commerce of China, the 10 ASEAN Member States as well as the ASEAN Secretariat. It was organised by the People's Government of Guangxi Zhuang Autonomous Region of China.

The objective of CAEXPO is to promote trade and business cooperation in various fields between China and ASEAN countries. The event, consisting of a trade exhibition and business summit is held yearly in Nanning, China, as an activity and outcome within the Framework of the China-ASEAN Free Trade Agreement (ACFTA), signed in 2004.

The 11th CAEXPO held on 16 - 19 September 2014 attracted a total of 141 Malaysian exhibitors. The theme in 2014 was 'Co-Build Maritime Silk Road of the 21st Century'. Malaysia has been a regular participant since its inception in 2004. Malaysian exhibitors to the 2014 event succeeded in securing RM2.53 million in actual sales and RM166.04 million in potential orders. The Expo has become an effective platform, bringing together businesses and enterprises across ASEAN countries and the China to promote economic cooperation, intensify collaborative and business synergies as well as promote and market their products in the world's largest free trade area. CAEXPO has grown to be a truly global event, attracting buyers and business visitors from all over the world.

ASEAN-REPUBLIC OF KOREA

ASEAN-Korea Commemorative Summit

The ASEAN-Republic of Korea Commemorative Summit with the theme 'Building Trust, Bringing Happiness,' was held at the BEXCO Convention Center in Busan, Korea on 11 - 12 December 2014. It marked 25 years of dialogue relations between ASEAN and the Republic of Korea.

ASEAN leaders and President Park Geun-hye of Republic of Korea discussed regional and international issues and other measures aimed at further strengthening ASEAN - Korea trade and investment relations. The leaders of ASEAN and ROK recognised the need to:

- further deepen integration and enhance economic cooperation, especially capacity building, in various fields including customs, transport, small and medium enterprises (SMEs), logistics, intellectual property rights, connectivity and infrastructure development;

- promote cooperation on innovation between ASEAN and ROK and consider the proposal to establish an ASEAN - ROK innovation centre to enhance capacity, optimise human capital development and improve the capability of ASEAN small and medium enterprises (SMEs);

- cooperate to make the ASEAN - Korea Business Council a business-driven consultative body that will assist ASEAN and Republic of Korea's SMEs;

- maximise the utilisation of the ASEAN - Republic of Korea Free Trade Agreement to further expand trade volume to US$200 billion by 2020;

- continue to enhance regional economic partnership and integration through the timely conclusion of the Regional Comprehensive Economic Partnership (RCEP) negotiations by end 2015;

ASEAN-INDIA

ASEAN-India Commemorative Summit

The last 10 years witnessed the intensification of relations between ASEAN and India which culminated in the ASEAN - India Commemorative Summit held in December 2012 in New Delhi, with the theme 'ASEAN - India Partnership for Peace and Shared Prosperity'. The Commemorative Summit was held to signify the 20th anniversary of ASEAN - India Dialogue-level partnership

The 1st ASEAN-Japan Public-Private Dialogue on New Industries...The focus of the dialogue was on less polluting technologies or 'green industries'. The dialogue discussed the need for public-private partnerships to accelerate knowledge sharing activities across the region, strengthen the regulatory mechanism and broaden the incentive system so as to enable a more efficient 'scaling-up' of the ASEAN green market, whilst being guided by the best practices and know-how from Japan.

and the 10th anniversary of ASEAN - India Summit level partnership. The 12th ASEAN - India Summit was held in Nay Pyi Taw, Myanmar on 12 November 2014 and was the first for Prime Minister of India, Narendra Modi.

Two key documents were signed at the Summit: The Agreement on Trade in Services and the Agreement on Investment under the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and India. Besides the signing of the two agreements, ASEAN and India reiterated their commitment to accelerate efforts towards ensuring the trade target of US$100 billion be realised by end 2015. Total trade between ASEAN and India in 2013 stood at US$67.9 billion.

ASEAN-HONG KONG SAR

ASEAN and Hong Kong commenced negotiation of a free trade agreement (FTA) in 2014, after receiving endorsement from ASEAN Leaders in 2013. Both parties believe that the FTA can contribute to the further deepening of economic integration in the East Asian region. The ASEAN - Hong Kong Trade Negotiating Committee (AHKTNC) held two meetings in 2014, the first on 10 - 11 July in Hong Kong and the second on 24 - 26 November in Thailand.

Apart from the Trade Negotiating Committee (TNC), which also covered trade in goods as well as economic and technical cooperation (ECOTECH), three working groups under the AHKTNC had also commenced their negotiations, namely on trade in services, investment and rules of origin (ROO).

Overall, the discussions were still at the exploratory stage. Hong Kong reiterated its stance for an ambitious FTA with ASEAN, but not necessarily with full reciprocity.

ASEAN-JAPAN

The ten - year Strategic Partnership Plan of ASEAN - Japan which was adopted in 2011, continued in its set implementation in 2014. The plan is targeted to double trade levels and strengthen economic cooperation in a number of areas such as investments, services and technology. Further improvements were also made to the Roadmap incorporating the recommendations from the ASEAN - Japan Economic Forum.

The 1st ASEAN-Japan Public-Private Dialogue on New Industries was also held as a side event to the ASEAN Economic Ministers (AEM) meeting. The focus of the dialogue was on less polluting technologies or 'green industries'. The dialogue discussed the need for public-private partnerships to accelerate knowledge sharing activities across the region, strengthen the regulatory mechanism and broaden the incentive system so as to enable a more efficient 'scaling-up' of the ASEAN green market, whilst being guided by the best practices and know-how from Japan.

In 2014, ASEAN and Japan continued negotiations to finalise the Services and Investment Chapters of the ASEAN - Japan Economic Partnership Agreement. The Protocol to implement the commitments under the two Chapters will be signed in 2015. The services chapter includes further liberalisation measures in the services sector of ASEAN and Japan, which is expected to boost investments in the sector in the future.

REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

To date, six Rounds of negotiations have been held since 2013. Four of these negotiating Rounds were held in 2014.

To accelerate the pace of negotiations, some negotiating groups have met in inter-sessional meetings apart from the scheduled Rounds. This is in view of the aspiration that RCEP is to be substantially concluded by the end of 2015.

The negotiations were guided by the Guiding Principles and Objectives for Negotiating the RCEP which had been agreed by Leaders of RCEP Participating Countries (ASEAN, Australia, New Zealand, China, Republic of Korea, Japan and India).

The scope of negotiations covered the following areas: Trade in Goods; Trade in Services; Investment; Intellectual Property; Competition; Economic and Technical Cooperation; Legal and Institutional Issues; Rules of Origin; Standards, Technical Regulation and Conformity Assessment Procedures; Customs Procedures and Trade Facilitation; as well as Sanitary and Phytosanitary Measures as agreed by all RCEP Participating Countries during the course of negotiations. Malaysia is the Chair for the Negotiations on Trade in Services.

RCEP is an ASEAN-led process. Each of the negotiating groups is led by an ASEAN country. RCEP builds on the existing ASEAN+1 FTAs. RCEP also aims to simplify and harmonise the current ASEAN+1 FTAs. Currently, there are variations in the different ASEAN+1 FTAs with different rules and procedures. As a whole, the RCEP will contain improvements from the existing ASEAN+1 FTAs.

The private sector finds the differing variations cumbersome and this complicates the process of applying for preferential treatment under the different FTAs. RCEP is envisaged to create a more streamlined and conducive business environment and at the same time contribute to the further deepening of economic integration among the participating countries and East Asia. This will further strengthen Malaysia's foothold as a major trading nation in the region.

The integration of businesses through the global supply chains in the region will also increase the region's attractiveness as a premier investment destination. Plus, the involvement of India and China, two major developing economies in RCEP with huge domestic markets, will offer Malaysian businesses greater potential to tap into opportunities made available with the better access provided by the FTA.

ASIA PACIFIC ECONOMIC COOPERATION (APEC)

Towards Regional Economic Integration

The Asia Pacific Economic Cooperation (APEC) celebrated its 25th anniversary in 2014, with China presiding as host. Over the course of the past 25 years, APEC has remained steadfast and propelled progress through its three pillars - trade and investment liberalisation; business facilitation and economic and technical cooperation (ECOTECH), all in the pursuit of economic growth, better well being of the people, and common prosperity of the region. To further advance work under these pillars, APEC Economic Leaders' Meeting in Beijing agreed for economies to progress work towards the realisation of the Free Trade Area in the Asia Pacific (FTAAP), implement the APEC Strategic Blueprint for Promoting Global Value Chains (GVCs) Development and Cooperation, and the APEC Connectivity Blueprint for 2015 - 2025.

During the year, Malaysia was involved in various initiatives to move forward the regional economic integration among APEC economies. Major deliverables included the Beijing Roadmap for APEC's Contribution to the Realisation of the FTAAP, which is a comprehensive and systematic work plan towards FTAAP. In 2015, APEC will commence work on the collective strategic study towards FTAAP, with Malaysia continuing to participate in the process to safeguard and further our interests.

Malaysia also fully supported APEC's initiatives on GVCs, particularly in advancing work on promoting small and medium enterprises' (SMEs') integration into GVCs in five selected sectors, namely automotive, textile, electrical & electronics (E&E), agribusiness and healthcare. Towards this end, Malaysia, together with the Philippines, will spearhead the work on GVC development and facilitation in the automotive sector.

Malaysia views this as an opportunity to support Malaysia's National Automotive Policy (NAP) objectives of promoting an increase in value-added activities and exports of vehicles and automotive components, as well as to promote the participation of Bumiputera companies in the total value chain of the domestic automotive industry.

From 2013 - 2015, under the ambit of ECOTECH, ten APEC funded projects, with a total value of US$1.4 million were initiated by Malaysia in the areas of environmental services; human capital development; quality, competitiveness and innovation among SMEs; structural reform and good regulatory practices; young scientists and effective science communications as well as medical external quality assurance. To build capacity among the public and private sector in APEC priority areas, a total of 204 APEC - funded Malaysian participants/speakers participated in APEC funded workshops and seminars held in various APEC economies.

Moving forward, the challenge for APEC is to meet the many ambitious commitments and deliverables agreed in 2014, particularly in the realisation of the FTAAP. Malaysia will continue to use the forum as a platform to strengthen and promote its economic interest, while contributing to the greater progress and prosperity of the Asia Pacific region.

MAJOR DEVELOPMENTS IN TRADING AGREEMENTS

FREE TRADE AGREEMENTS (FTAs)

Overview

Malaysia is one of the world's most open and diversified trading economies where international trade is an important contributor to Malaysia's economic growth and development. Malaysia engages in an active trade agenda to advance and safeguard Malaysia's interests and remain competitive in a world proliferated with free trade agreements. Malaysia's trade policy is to work towards creating a more liberalised and fair global trading environment. While Malaysia continues to accord high priority to the rule-based multilateral trading system under the World Trade Organisation (WTO), Malaysia is also pursuing regional and bilateral trading arrangements to complement the multilateral approach to trade liberalisation.

Through FTAs, Malaysia seeks to provide opportunities for Malaysian businesses to expand overseas, enhance the competitiveness of Malaysian exporters, gain better market access by addressing tariffs and non-tariff measures, further facilitate and promote trade in goods, services, investment and economic development and to build capacity in specific targeted areas through technical cooperation and collaboration. Consumers also benefit from FTAs through better value and quality of goods and services.

MALAYSIA'S FTA INVOLVEMENT

FTAs Currently In Force

Malaysia has six bilateral FTAs currently in force and they are with Australia, Chile, India, Japan, New Zealand and Pakistan. At the regional level, Malaysia and her ASEAN partners have established the ASEAN Free Trade Area or AFTA. Together under ASEAN, Malaysia has also implemented six plurilateral FTAs with China, Japan, Korea and India, as well as Australia and New Zealand. Collectively, trade with the countries covered by both the regional and bilateral FTAs accounts for 62.6 per cent of Malaysia's total trade in 2014 while 64.1 per cent of Malaysia's exports were absorbed by FTA partner economies.

Malaysia signed an FTA with Turkey in 17 April 2014. The agreement will enter into force when domestic processes have been completed by both countries in 2015. Malaysia's total trade with Turkey in 2014 amounted to RM3.17 billion.

Issuance of Preferential Certificate of Origin (PCO)

The trade impact as a consequence of Malaysia's FTA involvement can be gauged to an extent by the issuance of the Preferential Certificate of Origin (PCO). A Preferential Certificate of Origin is a document verifying that goods in a particular shipment are of a certain origin under the definitions of a particular bilateral or multilateral free trade agreement (FTA).

For the year 2014, a total of 510,652 Preferential Certificates of Origin (PCOs) were issued, valued at RM239.33 billion compared to the 868,303 PCOs, worth RM229.54 billion issued in 2013. The marked fall in number of PCOs and FOB value in 2014 was attributed to Malaysia having graduated out of the Generalised Scheme of Preferences (GSP), granted by the EU and Turkey, as of 1 January 2014. It is an accepted fact that being graduated out of the GSP is a positive step as it is an outcome accorded to countries which are recognised as having the ability to compete globally without the need for special preferences. Malaysia is leveraging on FTAs to gain preferential channels to the EU which will hopefully provide equivalent or better coverage as compared to GSP. In 2014, Malaysia's exports to the EU registered double-digit growth of 11.6 per cent and among the exports that showed significant increases were textiles, clothing and footwear.

The PCOs for the Malaysia-Japan Economic Partnership Agreement (MJEPA), Malaysia-Pakistan Comprehensive Economic Partnership Agreement (MPCEPA), and Malaysia-New Zealand Free Trade Agreement (MNZFTA) also showed declines, with the greatest percentage contraction chalked-up in MNZFTA. The collective contraction in PCO activity in all three FTAs further contributed to the overall decline in the number and value of the PCOs issued in 2014. Major exports under MJEPA include stretch film, palm olein and picture frames while the top exports using PCOs to MNZFTA were tableware and kitchenware, wooden frames and boxes and crates.

In comparison, there was an increase in the issuance of Preferential Certificates of Origin (PCOs) attained under Regional FTAs through ASEAN Trade in Goods Agreement (ATIGA), ASEAN - China Free Trade Area (ACFTA), and ASEAN - Korea Free Trade Area (AKFTA). Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) and Malaysia - Chile Free Trade Agreement (MCFTA) bilateral FTAs also recorded an increase in activity.

FTAs Currently Negotiated

Malaysia is currently undertaking four FTA negotiations namely : the Trans-Pacific Partnership Agreement (TPPA), the Regional Comprehensive Economic Partnership Agreement (RCEP), the Malaysia - EFTA Economy Partnership Agreement (MEEPA) with the European Free Trade Association (EFTA); and the ASEAN - Hong Kong Free Trade Agreement (AHKFTA). Still in the early stages of negotiation is the ASEAN - Japan Economic Partnership Agreement (MJEPA) focusing in the area of services and investment. Upon completion of FTA negotiations, trade with these countries is expected to ultimately account for approximately 85.0 per cent of Malaysia's total trade.

MONITORING AND IMPLEMENTATION OF FTAs

As part of the initiative to improve utilisation of FTAs by the business community and to further promote trade with Malaysia's FTA partners, consultations were held with FTA partners, under the Joint Committee Meetings.

In 2014, Joint Committee Meetings were held under the FTA with Pakistan in February 2014, with New Zealand on 4 November 2014 and with India on 8 - 9 December 2014. Areas discussed include matters related to the implementation of the respective FTAs, especially concerning Third-Party Invoicing, *'de minimis'* (a Latin expression meaning 'about minimal things',) and Certificate of Origin.

In addition, various platforms for economic cooperation were explored with existing FTA partners. These include joint seminars and workshops held for the business community to promote the utilisation of FTAs for trade, as well as cooperation programmes in the areas of tourism, especially eco-tourism.

OUTREACH AND INFORMATION DISSEMINATION ON FTAs

In 2014, a total of 40 sessions on outreach and information dissemination programmes were held to educate the Malaysian business community as well as other stakeholders on FTAs and its benefits. In addition, specific sessions were also held to obtain feedback from various stakeholders especially on issues being negotiated under the Trans-Pacific Partnership Agreement (TPPA). The stakeholders included Members of Parliament, State Assembly Representatives, academicians, university students, non-governmental organisations, industry associations and chambers of commerce as well as media representatives. Concerns raised by stakeholders included issues relating to sovereignty, Bumiputera rights, impact on SMEs, affordable medicines and the mechanism for Investor-State Dispute Settlement (ISDS).

In 2014, TPPA Caucus of the Parliamentarians in Upper House was established in addition to the existing 11 members from the Lower House. A total of seven parliamentarians from the Upper House were appointed to the TPPA caucus.

In addition, 'cleared advisors' for TPPA negotiations were also established. The role of the 'cleared advisors' which comprises individuals and experts in specific areas of industry, non-governmental organisations as well as academia, was to provide feedback on issues being negotiated in a more structured manner.

The first meeting of 'cleared advisors' was held on December 2014, with the appointment of an initial set of 26 advisors, selected from various fields of expertise and Non-Government Organisations and representing the broad interest of Malaysian citizens.

In 2014, there were 23 sessions of pocket talks organised to enhance awareness and educate the Malaysian business community on the benefits of utilising FTAs. A total of 583 participants from various sectors participated in these talks, with manufacturers and exporters forming the bulk of the attendees.

QUICK FACTS ON FTA CONCLUDED IN 2014

Malaysia-Turkey Free Trade Agreement (MTFTA)

The Agreement was signed on 17 April 2014 in conjunction with Prime Minister's Official Visit to Ankara, Republic of Turkey. The Agreement is expected to enter into force in 2015.

Potential Benefit to Malaysia:

- Enhanced market access for Malaysian exporters, with tariff preferences granted which are either on par with, or better than, those previously granted under Turkey's Generalised System of Preferences (GSP), which are no longer available for Malaysia, beginning 1 January 2014.

- Elimination of duties by Turkey up to 70 per cent of tariff lines, immediately upon entry into force of the FTA. In return, Malaysia too has reciprocated and offered to bind duties at 0% for 70% of our tariff lines.

- Malaysia's exports that will benefit from immediate elimination of duties by Turkey include Electrical and Electronics products, rubber products, chemicals, selected iron and steel products, machinery, wood products, plastic products and leather products. Based on existing trade trends, the estimated value of exports for these products is approximately US$250 million. On the other hand, Turkish exports to Malaysia that will benefit from immediate duty-free access include agricultural produce, fisheries, food products and mineral products.

- Subsequent reduction / elimination of duties over an 8-year period from the implementation date, resulting in preferential market access for Malaysian exports up to 86.0 per cent of tariff lines.

- Another significant gain for Malaysia is in the textiles and apparel sector, which make up Malaysia's largest export item to Turkey. Turkey will eliminate duties on all textiles and apparel products, with most of the elimination taking place immediately upon entry into force of the FTA. All existing additional duties on textiles, apparel and footwear products will also be eliminated by Turkey.

- For palm oil and palm products, Turkey has offered a one-off duty reduction of 30 per cent from the current MFN rate. Reduction of duties on these products essentially mean that Malaysian palm oil and palm products are placed at a competitive advantage in the Turkish market, over similar products originating from other countries.

Malaysia has taken steps and implemented strategies to boost the export of goods and services in 2015, in an effort to mitigate and minimize the challenges of a sluggish global environment. In addition to strengthening Malaysia's export promotion programmes... SMEs will also be a targeted sector to accelerate the growth of a new wave of exporters.

ECONOMIC RELATIONS AND TRADE

TRADE AND INVESTMENT MISSIONS (TIMs)

Selected for Targeted Returns

The priorities and strategies outlined in the Economic Transformation Programme (ETP) were the main determinants that shaped the ultimate course of action and decision making process for the Trade and Investment Missions (TIMs) in 2014. The strategy for TIMs include achieving the objectives of the ETP, as set out in the 12 National Key Economic Areas (NKEAs). The TIMs mounted in 2014 were focused on areas and regions that had yielded the most active and desired trade and investment outcomes. Cognisant of this, the Ministry of International Trade and Industry undertook TIMs to Japan, Korea, India, Australia and selected countries of Europe in 2014, to enhance investment cross flows and increase trade in the targeted sectors.

In Japan, Korea and Germany, the TIM focus was on advanced manufacturing segments such as electrical and electronics (E&E), maintenance, repair and overhaul (MRO), Energy Efficient Vehicle (EEV), chemicals and chemical products, medical devices and 3D printing technology. The TIM to Spain was primarily to investigate collaborative prospects in the aerospace industry as well as to explore opportunities for Malaysian companies to leverage on the business network of Spanish companies that had successfully established a strong foothold and presence in an extended market of a third country. During the business seminar, Spanish companies were also apprised on business opportunities in various sectors in Malaysia and in ASEAN.

The TIM to India in 2014 was a mission to explore and establish a collaborative relationship between small and medium enterprises (SMEs) in Malaysia and SMEs in India, specifically with Indian SMEs involved in innovations in the manufacturing industry, manufacturing automation solutions and the automotive industry. Malaysia recognised the important contribution of SMEs to the nation's GDPand would like to see greater participation and involvement of SMEs in the export sector.

The TIM to Australia was focused on the Australian healthcare and automotive sectors. The mission also generated considerable interest from Australian corporations in the high technology and knowledge-intensive industry, that were keen to explore the Malaysian market.

The Way Forward

Malaysia has taken steps and implemented strategies to boost the export of goods and services in 2015, in an effort to mitigate and minimise the challenges of a sluggish global environment. In addition to strengthening Malaysia's export promotion programmes covering Asia, Europe, the Middle East and the United States, SMEs will also be a targeted sector to accelerate the growth of a new wave of exporters.

STRATEGIC TRADE SECRETARIAT

ENHANCING SECURITY IN TRADE

The Strategic Trade Secretariat (STS) of MITI is the focal point for the implementation of the Strategic Trade Act 2010 (STA) in Malaysia. The STA which was enforced on 1 January 2011, provides for the control over the export, transshipment, transit and brokering of strategic items, including arms and related material, and other activities that will or may facilitate the design, development and production of Weapons of Mass Destruction (WMD) and their delivery systems.

Owing to the comprehensive nature of the law and its vast coverage, the STA is implemented in close partnership with various regulatory, enforcement and technical agencies of the Government which include the Malaysia Multimedia and Communications Commission (MCMC); Atomic Energy Licensing Board (AELB), Pharmaceutical Services Division (PSD), Royal Malaysian Customs (RMC), Royal Malaysian Police (RMP), the Malaysia Maritime Enforcement Agency (MMEA) and the Science and Technology Research Institute for Defence (STRIDE). STS has developed a national curriculum for Commodity Identification Training (CIT) in collaboration with the US and other partner agencies. By the end of 2014, the RMC; RMP; MMEA and the PSD had incorporated CIT into the list of their annual in-house training programmes, to equip their front liners with necessary skills and knowledge to combat proliferation of WMD.

STS along with Bank Negara Malaysia has also initiated administrative and regulatory exercises to tighten and enhance controls related to financing of WMD proliferation. This is expected to provide a more comprehensive implementation approach in fulfilling the obligations under the United Nations Security Council Resolution 1540. The Resolution mandates member states of the UN to establish comprehensive legal and regulatory measures to address the concerns regarding the intentional abuse and misuse of certain products and technologies, particularly those that have dual-purpose use, in the military and in normal everyday use that may facilitate the design, development and production of weapons of mass destruction and their delivery systems. In monitoring the effective implementation of STA, and to ensure their compliance with the Act,a total of 50 companies were evaluated in 2014. As at 2014, 95.0 per cent of the STA-registered, active companies have been evaluated. Companies were advised on corrective measures to be taken and were engaged further until remedial actions were completed.

In the ASEAN region, Malaysia's trade-facilitative approach has garnered some interest among our neighbours. In September 2014 a delegation from the Department of Foreign Trade of Thailand visited STS to study our implementation processes for possible adoption back home. Malaysia's ASEAN Chairmanship in 2015 is expected to boost our cooperation in the region in the context of trade security.

Across the continent, STS participated in a mentorship programme to Sudan in June 2014 which was aimed at assisting Sudan in the management and monitoring of chemicals that have the potential to be used for WMD purposes. STS was also invited in 2014 to share Malaysia's experience and contributed to global policy dialogues on trade security issues that impacted overall trading practices in the world namely:

- Asian Export Control Seminar in Tokyo (February);
- International Export Control Conference in Dubai (March):
- Regional Workshops on the Implementation, Governance and Compliance Management of UNSCR 1540 in Manila (July); Phnom Penh and Seoul (both in October); and Frankfurt (November);
- Proliferation Security Initiative Exercise in Hawaii (August); and
- EU Non-Proliferation and Disarmament Conference in Brussels (September).

In addition, three workshops and capacity building programmes were jointly organised in Kuala Lumpur with Japan, the USA and the EU on industry compliance, commodity identification as well as transit and transhipment controls. STS was also invited for a study visit in November 2014 by the Department of Foreign Affairs and Trade, Australia as part of Australia's continuous support to Malaysia in the area of export control. Fruitful engagements with the relevant authorities in Australia provided further avenues for future partnership and strengthened cooperation.

Moving forward, the STA is expected to be amended by mid-2015 with business friendly procedures that will enhance STA compliance among industries. The amendments serve to ensure that trading activities are not unduly burdened and industry compliance is continually facilitated.

INVESTMENT AND MANUFACTURING - ENERGISING THE ECONOMY

Investment and Manufacturing - Energising the Economy

QUALITY INVESTMENTS IN THE MANUFACTURING SECTOR

Malaysia saw an impressive level of investments in 2014 with new approved direct investments reaching RM235.9 billion from RM219.4 billion in 2013. This constitutes approved investments in the manufacturing, services and primary sectors. The country's investment performance in 2014 exceeded the average annual investment target of RM148.0 billion set under the 10th Malaysia Plan.

Of the total investments approved, RM171.3 billion (72.6 per cent) were from domestic investments (DDI), while RM64.6 billion (27.4 per cent) came from foreign sources (FDI). The ratio of foreign and domestic investments is in line with the Government's drive to actively promote domestic investments, as outlined in the Economic Transformation Programme (ETP) and the 10th Malaysia Plan.

The services sector accounted for the largest share of the total investments: contributing 63.4 per cent or RM149.6 billion, followed by the manufacturing sector with investments of RM71.9 billion or 30.5 per cent, while the primary sector contributed the remaining approved investments of RM14.4 billion (6.1 per cent).

The total investments approved were in 5,942 projects and this is expected to generate about 178,360 job opportunities, many of which will be in high technology and high value-added industries. The services sector accounted for the largest share of total potential employment in the economy with 98,540 job opportunities or 55.3 per cent, followed by the manufacturing sector with 78,340 job opportunities (43.9 per cent) and the primary sector with 1,480 employment opportunities (0.8 per cent).

Malaysia's manufacturing sector continued to draw a healthy share of investments in 2014 as major manufacturers consolidated their position in the region ahead of the AEC deadline. In 2014, the manufacturing sector attracted investments worth RM71.9 billion in 811 projects; 37.9 per cent more than the RM52.1 billion achieved in 2013.

Malaysia continued to attract a significant amount of new investments for the year 2014 despite the global economic slowdown. In 2014, investments in new projects amounted to RM43.5 billion (450 projects) or 60.5 per cent of total investments approved. Of this, RM23.9 billion or 55.1 per cent was domestic investments while RM19.5 billion or 44.9 per cent was foreign investments.

Existing companies in Malaysia continued to expand and diversify their operations; reflecting their continued confidence in the country's investment environment. A total of 361 projects with investments amounting to RM28.4 billion were approved in 2014; accounting for 39.5 per cent of the total investments approved.

Petroleum products recorded the highest investments approved in 2014, amounting to RM16.0 billion. This was followed by electrical & electronics (RM11.1 billion), chemicals and chemical products (RM10.8 billion), basic metal products (RM9.9 billion), transport equipment (RM5.6 billion), non-metallic mineral products (RM3.4 billion), food manufacturing (RM2.8 billion) and machinery and equipment (RM2.5 billion). These eight industries accounted for RM62.2 billion or 86.6 per cent of total investments approved.

Malaysia's favourable investment climate makes it an attractive investment location for global and regional markets. In 2014, a total of 286 projects were approved involving investments of RM31.9 billion; with the projects proposed to export at least 80.0 per cent of their output. Of the total investments approved, foreign investments amounted to RM19.6 billion or 61.4 per cent while domestic sources amounted to RM12.3 billion or 38.6 per cent. The main industries with export-oriented projects were electrical & electronic products, basic metal products, and chemicals & chemical products.

Malaysia continues to adopt a more focused and targeted approach in attracting quality investments in new growth areas within emerging technologies; high value- added industries; high technology, capital-intensive and knowledge-intensive industries, in line with the Government's effort to become a high income nation by 2020. In this regard, capital-intensity, as measured by the capital investment per employee (CIPE) ratio of projects approved in 2014 was at RM917,155.

In 2014, the industry with the highest CIPE ratio was the petroleum products including petrochemicals sub-sector (RM10,108,693); followed by chemicals and chemical products (RM2,283,023); and basic metal products (RM1,394,081).

The projects approved in 2014 are expected to create employment opportunities for 78,343 people. Of these, 17,635 or 22.5 per cent were in the managerial, technical and supervisory (MTS) category, 48,468 (61.9 per cent) in the category of skilled workers and 12,240 (15.6 per cent) unskilled workers, sales, clerical and other categories.

Most of the employment opportunities created are in the E&E sub-sector (16,700 jobs), followed by basic metal products (7,133 jobs) and transport equipment (6,873 jobs).

With stiff competition for global FDIs, it is critical that domestic investors assume a more important role in driving Malaysia's investment agenda and reshaping the economy. Malaysia's continued competitiveness is now dependent on strengthening the manufacturing and services sectors and accelerating the shift to high value-added, high technology, knowledge-intensive and innovation-based industries. This transformation would not have taken place without the strong participation of domestic investors.

Domestic investments approved in 2014 amounted to RM32.3 billion, accounting for 44.9 per cent of the total investments approved during the year. These investments were mainly in the petroleum products including petrochemicals with RM11.3 billion or 34.0 per cent of the total domestic investments approved in 2014. Other industries which recorded significant domestic investments were transport equipment (RM3.7 billion), chemicals and chemical products (RM3.0 billion), non-metallic mineral products (RM2.1 billion) and basic metal products (RM2.0 billion).

Malaysia remained a competitive destination for FDI in the region and continued to attract encouraging levels of foreign investments in the manufacturing sector despite the global economic slowdown. Malaysia has jumped ten spots to be the 15th most attractive FDI destination in the A.T. Kearney's FDI Confidence Index. Foreign investments in approved manufacturing projects in 2014 amounted to RM39.6 billion and accounted for 55.1 per cent of the total investments approved for the year.

The E&E sector accounted for the largest amount of foreign investments, totalling RM10.4 billion. Other industries with high levels of foreign investments included the basic metal products (RM8.0 billion); chemicals and chemical products (RM7.7 billion); petroleum products including petrochemicals (RM4.7 billion); and transport equipment (RM1.9 billion).

The major sources of foreign investments in 2014 were Japan (RM10.9 billion), the European Union (RM8.4 billion), Singapore (RM7.8 billion), China (RM4.8 billion), the Republic of Korea (RM1.5 billion), and the United States (RM1.4 billion). These six territories jointly accounted for 87.6 per cent of total foreign investments approved during the period.

A large number of projects approved were located in Selangor (229 projects), Johor (179 projects) and Penang (169 projects) which continued to be the leading states in terms of number of projects approved. A total of 577 projects or 71.1 per cent of the projects approved will be located in these three states.

In terms of investment amounts approved, the state of Johor received the largest with RM21.2 billion. Sarawak ranked second with investments of RM9.6 billion, followed by Penang (RM8.2 billion), Selangor (RM7.0 billion) and Kedah (RM5.3 billion). These five states contributed 71.4 per cent of the total investment amounts approved in the year 2014.

STRENGTHENING INVESTMENTS

From January - December 2014, total investments approved in the manufacturing sector was RM71.9 billion, an increase of 37.9 per cent as compared with RM52.1 billion in the same period of 2013. This reflected Malaysia's sustained competitiveness as a choice location for investments.

It is useful to note that the investments approved are mainly quality investments in the manufacturing, services and primary sectors. These are predominantly projects characterised by high technology; with high value-added features; that are knowledge-intensive; skills-intensive; export oriented; capital-intensive, design-and R&D-intensive, as well as projects that have high GNI impact and have strong linkages with domestic industries. The aim is to attract quality investments that will help Malaysia move up the value chain and become a centre of high technology and global activities.

These projects are also expected to generate strong multiplier effects on the Malaysian economy including development of new growth areas/industries, introduction of new and emerging technologies, development of supporting industries particularly the engineering supporting industry, human capital development and transforming Malaysia to a regional or global production/services hub.

New growth areas in the local manufacturing sector include biotechnology; advanced electronics; renewable energy (including photovoltaic); aviation; machinery and equipment; pharmaceuticals; and medical devices.

Malaysia will continue to undertake and adopt the ecosystem approach in developing both the manufacturing and services sectors. These include leveraging on new sources of competitive advantages through an integrated and holistic approach to promote the entire value chain of industry clusters. The ecosystem approach will also allow the Government to move away from the current system of offering high and increasing tax incentives to attract investors.

In 2014, the Ministry of International Trade and Industry (MITI) also undertook to review two main legislations namely the Promotion of Investments Act 1986 (PIA) and the Industrial Coordination Act (ICA) 1975. These two Acts have been highlighted by the industry as regulations that need to be reviewed, keeping in mind the current business environment. Online public consultations on the PIA Review and ICA Review were also conducted throughout the year, as part of Good Regulatory Practice (GRP) to seek the views of businesses and the general public on changes in policy or regulations that affect them directly or in which they may have a significant interest.

INVESTMENT - MOVING FORWARD

Malaysia's economic fundamentals remain strong amidst the challenging external environment. The International Monetary Fund (IMF) forecasts the global economy to grow by 3.5 per cent this year. UNCTAD also forecasts uncertainty in trends of global FDI flows in 2015. Malaysia is projected to sustain a growth of 4.5 per cent to 5.5 per cent in 2015.

As the 'single window' for investments into Malaysia, MIDA will further enhance its central coordination function in attracting quality investments, both foreign and domestic.

The Government will continue to introduce various measures to enhance Malaysia's competitiveness to face domestic and external challenges and opportunities. These measures will include fine-tuning its investment policies, enablers, fiscal and non-fiscal incentives, as well as continuously collaborate and engage with industry players and stakeholders to attract investors in all economic sectors.

Going forward, the Government will strengthen the ecosystem to attract quality investment projects without discounting the importance of investment volume. Efforts will be further intensified to facilitate and realise the implementation of approved quality investments.

DEVELOPMENTS ACROSS INDUSTRIES

AUTOMOTIVE INDUSTRY

The introduction of the National Automotive Policy (NAP) 2014, is expected to create more investment opportunities as the nation's automotive industrial direction is geared towards the manufacture of energy efficient vehicles (EEV).

Business opportunities in the automotive upstream and downstream supply chain are also expected to increase as the vehicle total industry volume increases in the coming years, with the Government promoting exports and having incentives for the manufacturing of vehicles.

The main agenda of the NAP 2014 is to develop new businesses while enhancing the capabilities of existing ones, especially the small and medium enterprises (SMEs).

With this in mind, the Malaysia Automotive Institute (MAI) has outlined several pillars of developmental initiatives with various programmes being implemented. The Lean Production System (LPS) and Automotive Supplier Excellent Programme (ASEP) are among the programmes that benchmark the level of capabilities amongst domestic vendors. In addition to that, the programme also identifies gaps within the companies and recommends necessary action to narrow the gaps.

Providing a platform for new business opportunities is another initiative that has been regularly organised by Malaysia Automotive Institute (MAI). Entrepreneurs, both existing and new comers have been exposed to new automotive technologies and practices via visits to global automotive parts manufacturers, such as those in Japan and Australia. The programme has received encouraging participation by the local automotive industry players. As a result, this programme has enabled them to identify areas of collaboration with foreign manufacturers to enhance their competitiveness and be more exposed in the global automotive supply chain.

Creating new business opportunities and new entrepreneurs proves futile without the availability of sufficient skilled and committed manpower. In this regard, MAI has since developed various industry-led human capital development programmes to fulfil manpower needs. This creates new employment opportunities and also enhances existing career development.

Creating new business opportunities and new entrepreneurs proves futile without the availability of sufficient skilled and committed manpower. In this regard, MAI has since developed various industry-led human capital development programmes to fulfil manpower needs.

The Automotive Graduate Apprenticeship Programme is one of the initiatives to provide broad exposure to undergraduate students in many aspects of automotive manufacturing activities. In this programme, students are attached to automotive related industries as early as the first year of their undergraduate studies.

The Automotive Industry Certification Engineering (AICE) programme on the other hand provides an extensive one-year automotive manufacturing exposure for graduated students prior to their entrance into the automotive workforce.

The Industry-led Professional Certificate (IPC) is a customised programme to uplift the skills and capability of automotive operators and technicians to become specialists in their selected areas.

All these programmes will enhance the skills of the workforce and thereby broaden their employment opportunities in the automotive industry. Apart from that, special focus is given by the NAP 2014 to the aftermarket sector which would not only enhance the quality of after sales service, but would also create new business opportunities within the sector; two of which are the automotive parts and components remanufacturing, and the recycling business.

In terms of industrial R&D in the E&E industry, the Government has established the Collaborative Research in Engineering, Science and Technology (CREST) Centre. This centre aims to accelerate economic growth of the E&E industry, which in turn will enable the local players to move up the value chain.

In line with the objectives of the NAP 2014, it is important for Malaysia to continue to provide a conducive business environment within the automotive sector. This is so as to attract more value-added activities plus investments driven by high and advanced technologies for the future.

ELECTRICAL & ELECTRONICS (E&E) INDUSTRY

The electrical & electronics (E&E) industry continues to be a key driver of the Malaysian economy, with significant contribution to the country's manufacturing output, employment, investments and exports. In 2014, a total of RM8.4 billion in approved investments was achieved; surpassing the year's target of RM5.1 billion. Existing companies contributed significantly to the increase of investment value in terms of high-impact projects, to ensure sustainable growth.

Some of the high-impact projects approved include a diversification project in wafer fabrication involving an investment of RM3.2 billion; an expansion project estimated at RM1.5 billion for a high-end substrate plant; and RM244.0 million worth of projects to expand and diversify such as a high-end advanced display products, optoelectronics equipment and laboratory equipment.

Strong expansion in downstream industries by existing players during the year allowed the sector to stay on course and in sight of their Gross National Income (GNI) target for year 2020. The value of E&E GNI stood at RM33.5 billion as at 3Q 2014 compared to RM28.5 billion in the corresponding quarter of 2013. This trend is reflective of a concerted, industry-wide effort in the shift from low value-added activities to high-value operations so as to remain competitive in a globalised economy. The increased high-value activities and investment inflows saw the E&E sector account for a significant portion of the country's national GNI growth of 6.5 per cent in 3Q 2014.

The E&E sector also achieved another milestone during the year with Malaysia emerging as a test and measurement hub in this region, following the setup of new test and measurement facilities by leading MNCs through its factory-in-factory concept. This was with the involvement of two local companies namely, CEEDTec and Myreka and is set to boost a number of supporting industries such as logistics, contract manufacturing and industrial design as well as develop second tier vendors.

As the sector continues to grow, there is a pressing need to accelerate capacity-building in the SMEs, in order to encourage them to compete globally. Thus, the Government has initiated plans to grow at least 5 local solid-state lighting (SSL) and light-emitting diodes (LED) SMEs into global champions. In 2014, a total of ten selected local LED companies recorded significant sales amounting to RM78.4 million and 32 products were internationally certified with market access to 13 countries.

In terms of industrial R&D in the E&E industry, the Government has established the Collaborative Research in Engineering, Science and Technology (CREST) Centre. This centre aims to accelerate economic growth of the E&E industry, which in turn will enable the local players to move up the value chain. To date, CREST has collaborated with 37 companies (22 local and 15 MNCs) and 16 academic institutions (15 local and one foreign). These collaborations have resulted in the creation of 64 Intellectual Properties (IPs), 304 publications and have generated 116 graduates (86 Masters and 30 PhD holders).

In addition, SIRIM has contributed significantly to the E&E sector through the newly established Eco Industrial Design Centre (EIDC). The Centre provides support to SMEs in the areas of conceptual and design developments as well as prototyping services. To date, EIDC has provided 75 rapid prototyping services to at least five sectors besides the E&E sector, three Eco industrial design projects and has benefited 14 SMEs through their eco-innovation consulting services.

CHEMICALS AND CHEMICAL PRODUCTS INDUSTRY

Minamata Convention on Mercury

This is an international treaty designed to protect human health and the environment from anthropogenic emissions and releases of mercury and mercury compounds. The Convention was a result of three years of meeting and negotiating, after which the text of the Convention was ratified by delegates from 140 countries on 19 January 2013 in Geneva, Switzerland.

The Convention aims to gradually reduce and finally prohibit the use of mercury in products, manufacturing processes, mining and trade by year 2020. These products include batteries, compact fluorescent lamps, paints, switches and relays, soaps and cosmetics, thermometers, and blood pressure devices.

The UNEP Governing Council (UNEP GC) has agreed on the establishment of the Intergovernmental Negotiating Committee (INC) which will negotiate and formulate the text and procedures of the Convention. The INCs held include INC 1 from 7 - 11 June 2010 in Stockholm, Sweden; INC 2 : 24 - 28 January 2011 in Chiba, Japan; INC 3 : 31 October - 4 November 2011 in Nairobi, Kenya; INC 4 : 27 June - 2 July 2012 in Punta del Este, Uruguay; INC 5 : 13 - 18 January 2013 in Geneva, Switzerland; and INC 6 : 3 - 7 November 2014 in Bangkok, Thailand.

As at end 2014, as many as 128 signatories to the convention and 10 ratifications have been received. The Convention will take into effect after receiving the 50th ratification to the Convention. Among ASEAN countries, Cambodia, Indonesia, Philippines, Singapore, and Viet Nam have signed the Convention, while Malaysia subsequently signed the Convention on 24 September 2014. A National Task Force Committee led by the Ministry of Natural Resources and Environment was formed prior to the signing process, as the instrument to coordinate all the implementation plans so as to be in accordance with the provisions under the Convention.

The Convention aims to gradually reduce and finally prohibit the use of mercury in products, manufacturing processes, mining and trade by year 2020. These products include batteries, compact fluorescent lamps, paints, switches and relays, soaps and cosmetics, thermometers, and blood pressure devices.

MITI is responsible for the initiative of Article 4: Mercury-added products, Article 5: Manufacturing processes using mercury, and Article 6: Exemptions to parties upon request. The articles provide measures to gradually reduce the use of mercury and will directly affect the import and export activities for mercury-added products and manufacturing activities that use mercury. For the period 2010 to 2013, Malaysia imported RM742.6 million worth of mercury, mercury compounds and mercury-added products. During that period, Malaysia had also exported RM123.9 million of the same globally.

MITI will continue to conduct consultation sessions with the relevant stakeholders to ensure that the industry is ready and able to fulfil the requirements of the Convention. The next INC 7 to develop standard operating procedures of the Convention is scheduled to be held in Jordan at the end of 2015, and Malaysia will continue to participate and contribute towards the global competitiveness of the industry.

The Globally Harmonized System of Classification and Labelling of Chemicals (GHS)

This is a system for standardising and harmonising the classification and labelling of chemicals. It is an approach to define health, physical and environmental hazards of chemicals; create classification processes that use available data on chemicals for comparison with the defined hazard criteria; and communicate hazard information as well as protective measures on labels, and Safety Data Sheets (SDS).

The production and use of chemicals are fundamental economic activities and are important for the development of all countries. Chemicals affect the lives of all humans and are essential to food supply, health and daily existence. However, there are potential adverse effects to human health and the environment from use of and exposure to these chemicals. The availability of information on the hazardous properties of chemicals and recommended control measures allows the production, transport, use and disposal of such chemicals and thereby the safe use and management of these chemicals.

The sound management of chemicals should include systems through which chemical hazards are identified and communicated to all who are potentially exposed. The GHS Classification and Communication elements are the foundation of programmes to ensure the safe use of chemicals. The objectives of GHS are to enhance the protection of human health and the environment by providing an internationally comprehensible system for hazard communication; provide a recognized framework for those countries without an existing system; reduce the need for testing and evaluation of chemicals; and facilitate international trade in chemicals whose hazards have been properly assessed and identified on an international basis.

The GHS is a voluntary international system that imposes no binding treaty obligations on countries. To the extent that countries adopt the GHS into their systems, the regulatory changes would be binding for covered industries. For countries with existing systems, it is expected that the GHS components will be applied within the framework/infrastructure of existing hazard communication regulatory schemes.

In Malaysia, the efforts to promote GHS awareness and its implementation began in 2003 following the APEC Chemical Dialogue recommendations. A National Coordinating Committee on the Implementation of GHS (NCCGHS) was established on 3 August 2006 and it was chaired by MITI. The members of NCCGHS include representatives from ministries, government agencies, industry associations and academia.

The role of the NCCGHS is to coordinate and monitor the implementation of GHS in the four sectors; namely the industrial workplace by the Department of Occupational Safety and Health (DOSH), transportation by the Ministry of Transport, agriculture by the Pesticides Board (PB) and consumer products by the Ministry of Domestic Trade, Consumerism and Cooperatives.

The Classification, Labelling and Safety Data Sheet of Hazardous Chemicals (CLASS) Regulations 2013

These regulations were gazetted on 11 October 2013, and will be fully implemented by April 2015. They were promulgated under the Occupational Safety and Health Act 1994 (Act 514) to replace the Occupational Safety and Health (Classification, Packaging and Labelling of Hazardous Chemicals) Regulations 1997.

The main objective of the CLASS Regulations is to ensure suppliers of hazardous chemicals provide sufficient information on the hazards of chemicals that they supply. This is to mitigate the risk of accidents happening at the workplace and to provide safe and healthy working conditions/environment.

MITI will continuously initiate capacity building programmes, conduct information sessions and seminars to inform the chemical and petrochemical industry players on the latest developments of GHS globally, and to encourage the implementation of GHS in Malaysia.

IRON AND STEEL INDUSTRY

The Iron and Steel industry is a core sector that tracks and closely supports Malaysia's overall economic growth. It is an essential raw material component and building block which is fundamental in the manufacturing, transport equipment, construction, machinery and a host of other industries that literally powers and shapes the nation's development agenda.

In 2014, the challenging conditions in the global steel market continued to impact the Malaysian iron and steel industry. The Government and the industry continued to work closely under the 'shared responsibility' programme to further develop the iron and steel industry. Among the key contribution of this partnership is the joint effort to develop strategic plans to support the catalytic industries identified for the 11th Malaysia Plan. The catalytic industries identified are E&E, ICT Manufacturing, Machinery and Engineering, Chemicals, Aerospace and Medical Devices.

The Malaysia Steel Institute (MSI) was established on 2 January 2014 on the recommendation of the industry, to support these goals and to improve global competitiveness. As an independent entity, some of the main priorities of MSI are human capital development, research and development, formulation of standards and providing advisory services to the industry. MSI also supports the Government in policy formulation and research.

The Malaysian iron and steel industry continued to face stiff competition from cheaper imports in 2014, particularly from China. In the interest of the industry, Malaysia has taken several trade remedy actions, namely the global safeguard measure on imports of hot-rolled steel plates in December 2014 and an anti-dumping action on hot-rolled coil products originating from China and Indonesia in February 2015. There has also been an increase in enquiries on trade measure petitions from the industry. The trade actions were mandated by and in compliance with international trade rules.

To ensure the highest quality, only products which meet the recognised and accepted international standards are allowed entry into the country. Both SIRIM and CIDB have been tasked to provide the necessary standards certification to safeguard imports.

Investor-State Dispute Settlement (ISDS)

The concept of Investor-State Dispute Settlement (ISDS) was introduced as an alternative dispute resolution mechanism provided for in international agreements on investment. It allows an investor from one country to bring a case directly against the country in which they have invested, before an arbitration tribunal, thus ensuring foreign investor protection and transparency over their investments while protecting the rights of the State. Currently, ISDS is not covered by the WTO.

Because of its relative introduction in international investment agreements, there has been much misconception and misunderstanding about what ISDS really means, as well as its real impact. Among the general concerns on ISDS include the broad definition of 'investment' namely the depth and breadth of the coverage of investment and whether it infringes on the policy space of host governments. By allowing foreign investors to bring a claim against a host state directly to an international arbitration, there are strong views that ISDS encourages frivolous claims against governments. In addition, concern has been raised on the high costs incurred by governments as a result of ISDS disputes.

The growing number of ISDS cases and the broad range of policy issues that they raise (UNCTAD, World Investment Report 2013) have turned ISDS into arguably the most controversial issue in international investment policy making. Most new ISDS cases filed were invoked under Bilateral Investment Treaties/Investment Guarantee Agreements (BITs/IGAs) rather than FTAs with the amount claimed by investors ranging from US$27.0 million to US$1.0 billion. Claimants from the EU and the United States account for 75.0 per cent of all international cases.

ISDS is, however, not new to Malaysia. Since 1963, Malaysia has already signed 74 IGAs, with most of them containing provisions for settlement of disputes through international arbitration. Malaysia has also signed six FTAs incorporating ISDS provisions over the years.

So far, only two cases have been brought against Malaysia under ISDS; one was decided in favour of the Government while the other was annulled.

ISDS provisions can also be important in protecting the interest of Malaysian companies investing abroad.

MITI's objective in ISDS negotiations is to ensure adequate safeguards that would allow the Government the policy space to implement regulatory measures. Negotiations on ISDS cover the provision on scope, selection of arbitrators, conduct of arbitration, transparency of proceedings and awards. The negotiations on ISDS will limit the possibility of the Government being brought to international arbitration by investors for frivolous claims.

Blood Pressure
Warnings:
Messages:
Run time:
RESET COUNTERS
Search
Watch list
Charts
News
Alerts
Laptop Pro
Cardio Test Monitor Pro 4.5

SERVICES AND HALAL -
THE TRANSFORMATION CATALYST

Services and Halal - The Transformation Catalyst

SERVICES – A DRIVER OF GROWTH

To energise growth in the services sector, much of the focus in investment is on Research & Development (R&D) and design activities, green technology (including energy conservation/efficiency), waste management, regional operations such as Operational Headquarters (OHQs), International Procurement Centres (IPCs) and Regional Distribution Centres (RDCs), high value tourism activities such as eco-tourism and MICE (meetings, incentives, conventions and exhibitions), healthcare travel (medical tourism), aviation services, education and training services and business, and professional services.

SERVICES SECTOR PERFORMANCE

According to the Bank Negara Annual Report 2014, exports of services in 2014 contracted by 0.5 per cent to RM126.2 billion and imports grew by 2.2 per cent exceeding exports, to reach RM146.7 billion. Malaysia suffered a services trade deficit of RM20.6 billion for 2014.

The contribution of services sector to Gross Domestic Product (GDP) in 2014 was 55.3 per cent (commercial services 47.0 per cent), compared with 55.2 per cent in 2013. The services sector grew 6.3 per cent in 2014, compared with manufacturing (6.2 per cent) and construction (11.6 per cent).

The growth of 6.3 per cent was driven by retail trade (9.9 per cent compared with 8.1 per cent in 2013); wholesale trade (8.4 per cent compared with 5.7 per cent in 2013) and business services (7.8 per cent compared with 7.5 per cent in 2013).

Approved investment for services in 2014 amounted to RM149.6 billion compared with RM147.7 billion in 2013. The main contributors to investment are real estate (RM88.5 billion), distributive trade (RM8.6 billion) and utilities (RM9.0 billion). The services sector has been identified as one of the major sectors that will help propel Malaysia towards its vision of becoming a developed nation by 2020.

INVESTMENT IN THE SERVICES SECTOR

Malaysia's services sector continued to expand in 2014, attracting 5,059 approved projects with total investments amounting to RM149.6 billion. Domestic investments led the way with RM131.9 billion constituting 88.0 per cent of the total investments made.

This sector comprises a broad range of services, including regional establishments, global operation hubs, support services, MSC status companies, real estate (housing), utilities, transport, telecommunications, distributive trade, hotels and tourism, financial services, health services, as well as educational services.

Within the services sector, the real estate sub-sector continued to be the leading contributor with RM88.5 billion worth of investments approved, followed by utilities at RM9.1 billion, distributive trade at RM8.7 billion, financial services at RM 6.9 billion and hotels & tourism at RM6.7 billion.

In 2014, Malaysia approved 227 regional establishments with total investments of RM3.2 billion. Seven projects were approved that would make Malaysia the Global Operations Hub for the respective applicants, with total investments valued at RM2.4 billion. These global and regional operations also entail professional services that include supply chain management, financial and treasury management, and data and information services to their global network of companies. The set-up of International Procurement Centres and Regional Distribution Centres will also involve greater utilisation of Malaysia's ports and airports; indirectly promoting the growth of local logistics providers and creating further employment opportunities in the logistics sector.

SERVICES SECTOR DEVELOPMENT AND LIBERALISATION EFFORTS

By the end of 2014, there was a total of fifteen services sub-sectors which had been liberalised and entered into force since 2012.

Peninsular Malaysia liberalised its market when the amendments to the Legal Profession Act 1976 came into force on 3 June 2014. The opening up of Malaysia's market to foreign lawyers and legal firms brought with it both opportunities and challenges. The presence of international law firms in Malaysia could potentially bring in new investments as these firms have influence over business decisions of their international clients. With this market opening, individuals and corporations will now have access to a wider choice of legal services and providers, allowing competition to help forge new partnerships and directions, and assist in promoting Malaysia as the preferred investment destination.

For domestic law firms, there will be opportunities to form collaborations, strategic alliances and other arrangements with leading international firms to facilitate knowledge sharing and cultivate best practices. In addition, collaborations with international firms would also create opportunities to tap into larger markets outside the borders of Malaysia, through the creation of new areas of practice, products and a broadened clientele base.

AUTONOMOUS LIBERALISATION

Liberalisation for foreign participation in three sub-sectors in services have yet to enter into force and are pending the formulation of rules/guidelines for the new Acts. The sub-sectors are architectural services; engineering services; and quantity surveying services. The amendments of the three professional Bills of Engineering, Architecture and Quantity Surveying have been tabled and approved by both the Dewan Rakyat and Dewan Negara in 2014. Currently the engineering, architecture and quantity surveying boards are finalising the regulations of these Acts which is expected to be completed and signed by the Minister of Works by end March 2015.

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DOMESTIC REGULATIONS TO ENHANCE THE COMPETITIVENESS OF MALAYSIA'S SERVICES SECTOR

Two projects were carried out by the Malaysia Productivity Corporation (MPC) in 2014. The first involved 'Reducing Unnecessary Regulatory Burdens on Businesses in the Services Sector'. This project scrutinised regulations that were deemed to be unnecessary or superfluous within the current policy settings. Sources of unnecessary burdens can arise in a number of ways including through excessive regulatory coverage, overly complex regulations, inconsistent regulatory frameworks across jurisdictions, and multiple regulations or regulators which overlap or conflict.

The focus areas were the sectors of construction, professional services (architecture), healthcare and logistics. Key stakeholders of this project comprised business heads, regulators, professional bodies and interested parties. Significant outcomes of this project include reducing the regulatory cost of doing business, improving the business climate, supporting economic growth and job creation.

The Guidelines for Standardisation of Public Consultation Procedures has provided an opportunity for groups and individuals to share various inputs that contribute towards decision-making, while encouraging and promoting those directly affected by the regulations to participate and be involved in the regulation-making process. ...This collaboration is essential as it improves the quality of regulations and enhances the involvement of interested parties and the public at large.

Some examples of useful recommendations that came about included the agreement by the Construction Industry Development Board (CIDB) Malaysia to establish an expert committee to resolve issues pertaining to the lack of clarity in the scope of the definition of 'construction works'. CIDB also took cognisance of the need to protect 'commercially sensitive information' which hitherto used to be published publicly.

The Guidelines for Standardisation of Public Consultation Procedures has provided an opportunity for groups and individuals to share various inputs that contribute towards decision-making, while encouraging and promoting those directly affected by the regulations to participate and be involved in the regulation-making process. It has also allowed the Government to obtain feedback, and work directly with members of a wider society throughout the regulation-making process. This effort helps to ensure that all issues and concerns are consistently understood and duly considered. This collaboration is essential as it improves the quality of regulations and enhances the involvement of interested parties and the public at large.

The outcome of the public consultations will enable the Government to develop more efficient and practical regulations; identify the full range of affected parties; minimise the risk of unexpected consequences; and realise better implementation methods.

OUTREACH PROGRAMMES OR 'TURUN PADANG' ACTIVITIES IN 2014

Several outreach programmes were conducted by MITI in 2014 in collaboration with services industry associations, regulators and private sector stakeholders. The purpose of these programmes was to assist Malaysia's services industry in understanding and enhancing competitiveness vis-à-vis autonomous liberalisation and FTAs.

Among the programmes held were a briefing on services liberalisation organised by SME Corp. Malaysia on 14 February 2014; a briefing on the services sector in Malaysia during the Business Seminar at the Politeknik Shah Alam on 18 March 2014; an engagement between the Minister of International Trade and Industry and banking institutions, co-organised with Bank Negara on 10 June 2014; a discussion with the British-Malaysia Chamber of Commerce on 'Liberalisation Success Stories' on 11 June 2014; a Technical Working Group (TWG) 'Workshop on Professional Services for the 11th Malaysia Plan' on 16 June 2014; and a workshop on 'Services Statistics', held on 26-27 June 2014.

During the year, the Minister and Deputy Minister of International Trade and Industry visited DreamEdge Sdn. Bhd; SAE & Airbus Malaysia; Dokka Formwork Malaysia; and Materialise Sdn. Bhd. These visits focused on building a better understanding between the service industry players, Ministry of International Trade and Industry (MITI) and MITI agencies, a collaboration which can lend support, find possible solutions to industry problems and generally pave the way towards an improved competitiveness of these companies and the services sector.

MITI also held a workshop entitled 'The APEC Workshop on Environmental Services in the 21st Century: Challenges and Opportunities for Sustainability', which was held on 14 - 15 October 2014 and was co-sponsored by Malaysia and the APEC Secretariat. The workshop brought together experts and stakeholders of environmental services such as industry players, and Government officials from Malaysia and APEC economies, particularly those involved in environmental services, policy-making and trade negotiations. A targeted outcome of the workshop was to develop a set of recommendations on moving forward for environmental services, which would be used as a guideline for all APEC Members. A total of 116 participants from Malaysia and ten APEC Economies participated in the two-day workshop.

OUTLOOK IN 2015

In 2015, exports are expected to grow by 8.9 per cent to RM137.4 billion while imports are forecast to post a slower growth of 4.8 per cent to RM153.8 billion. Malaysia's services trade deficit is anticipated to continue but narrow somewhat in 2015, as imports stay ahead of exports resulting in a services trade deficit of RM16.4 billion.

To achieve the target of 60.0 per cent contribution to GDP by 2020, the Government will boost the services sector in 2015 by implementing initiatives such as the Services Sector Blueprint and the setting up of a services sector guarantee scheme for SMEs and reintroducing the Services Export Fund to encourage SMEs to conduct market feasibility studies and undertake export promotion to penetrate new markets.

POSITIONING MALAYSIA AS A GLOBAL HALAL HUB

The world has never witnessed such a phenomenal growth in the global Halal industry as in recent years, and it has gained the serious attention of the Government and industry stakeholders alike. The drive is spearheaded by a combination of demand and supply factors which has led to strong market expansion for Halal products and services.

Growing Halal awareness and the need to provide end-to-end Halal compliant services has unlocked new business opportunities. Recent progress and efforts, demonstrated by both the public and the private sectors, support the relevance of the Halal industry as a self-reliant and sustainable proposition. Across the globe, more and more nations are seeking a slice of the market by becoming a regional Halal Hub. This certainly augurs well for the creation of a global Hub-to-Hub connectivity and for providing a seamless Halal supply chain which upholds Halal integrity.

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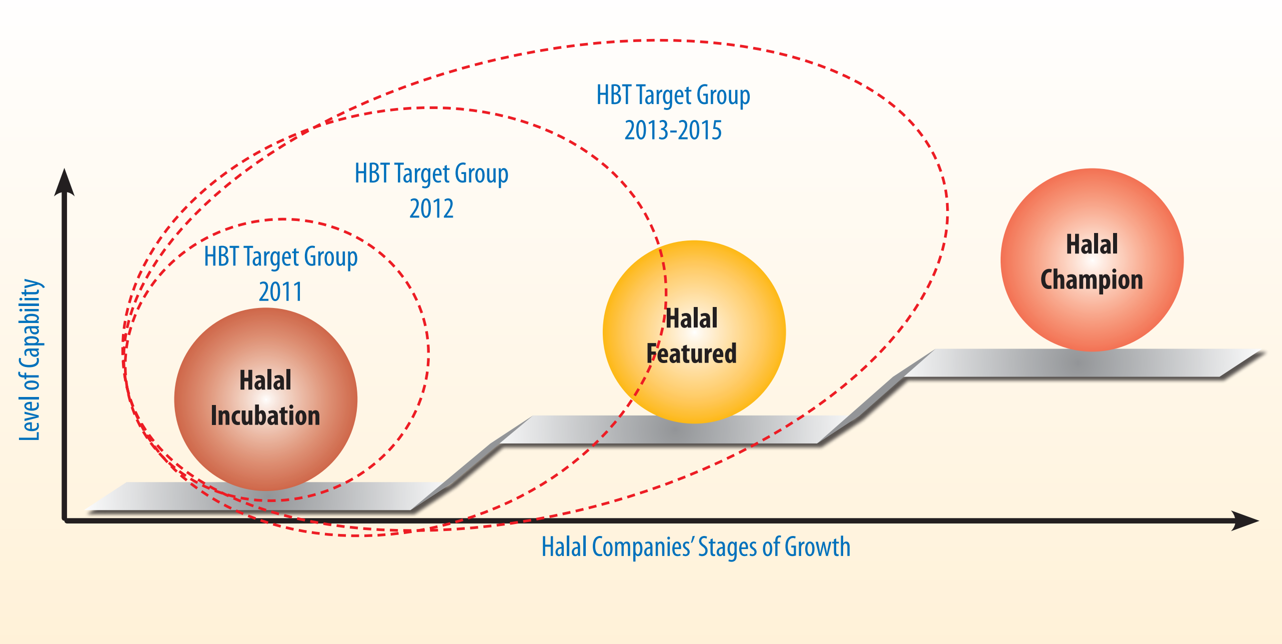
OVERVIEW OF HALAL MALAYSIA

Malaysia remains at the forefront in developing the Halal industry in totality, which is not only confined to a single sector, but multiple sectors that will continue to diversify over time. While the potential of Halal industry remains robust, there are still many challenges to overcome in order to realise the full potential of this sector. The Government remains committed towards ensuring the components within the Halal ecosystem continue to evolve, providing opportunities for businesses to expand and excel further while addressing areas of concern confronting the industry.

As Malaysia transits to a high growth path and high income nation, there is a need to put in place an enabling ecosystem where productivity, competitiveness and innovation will drive the economy. From this perspective, more emphasis will be placed upon programmes and initiatives which can firmly position Malaysia's role in the global Halal industry and contribute towards building a sustainable Halal ecosystem. This will further enhance the capabilities of Halal industry players and increase our competitiveness in the global market. As the new source of economic growth, the Halal industry is expected to further intensify investment, trade and business opportunities.



Focus	**Compliance to Halal requirements (readiness for certification)**	**Halal as a business value proposition (domestic)**	**Halal as a business value proposition (international)**
	• Small enterprises • Halal products → certification	• Small and medium enterprises • Halal certified → GMP / HACCP • Access to domestic market	• Medium and large enterprises • Halal, GMP / HACCP certified • Access to international market (i.e. global players)
	Scope of activities: - a) Best Practices – equipping the workforce with the right knowledge, skills and tools b) Business Linkages – creating demand, connecting and facilitating business opportunities c) Financing – promoting Islamic Financing; and facilitating financing applications d) Branding - increasing consumers' confidence; and strengthening Halal value proposition		

THE HALAL BUSINESS TRANSFORMATION (HBT) PROGRAMME - CAPACITY BUILDING

The Halal Business Transformation (HBT) Programme is a capacity building programme introduced in June 2011 to facilitate the development of local companies to become global players in the Halal industry. The programmes are designed to assist local Halal companies increase their overall competitiveness and enhance their business performance and growth.

There are three types of companies under the programme. They are categorised based on their level of competitiveness, with specific intervention activities tailored to their needs.

For 2014 – 2015, HBT is focused on the continuous development of export-ready companies especially small and medium enterprises (SMEs) by strengthening their production capabilities and brands (i.e. footprints) in the domestic market. As of December 2014, a total of 1,300 Halal-certified companies had received assistance under the programme. These companies posted a strong performance, with 40.0 per cent out of the total 1,300 companies reporting double-digit growth in business performance, accruing a total of RM1.6 billion in revenue.

HALAL PARKS IN MALAYSIA

Halal Parks were set up to improve the economic performance of participating companies, and to ensure that the Halal integrity is not compromised which means that there is no element of doubt as to the Halal integrity of the products manufactured in these Halal Parks. Components of these parks include a green design of the park infrastructure, clean production, pollution prevention, availability and accessibility of raw materials and ingredients, energy efficiency, inter-company linkages, consolidated services provision by public agencies and linkages for marketing.

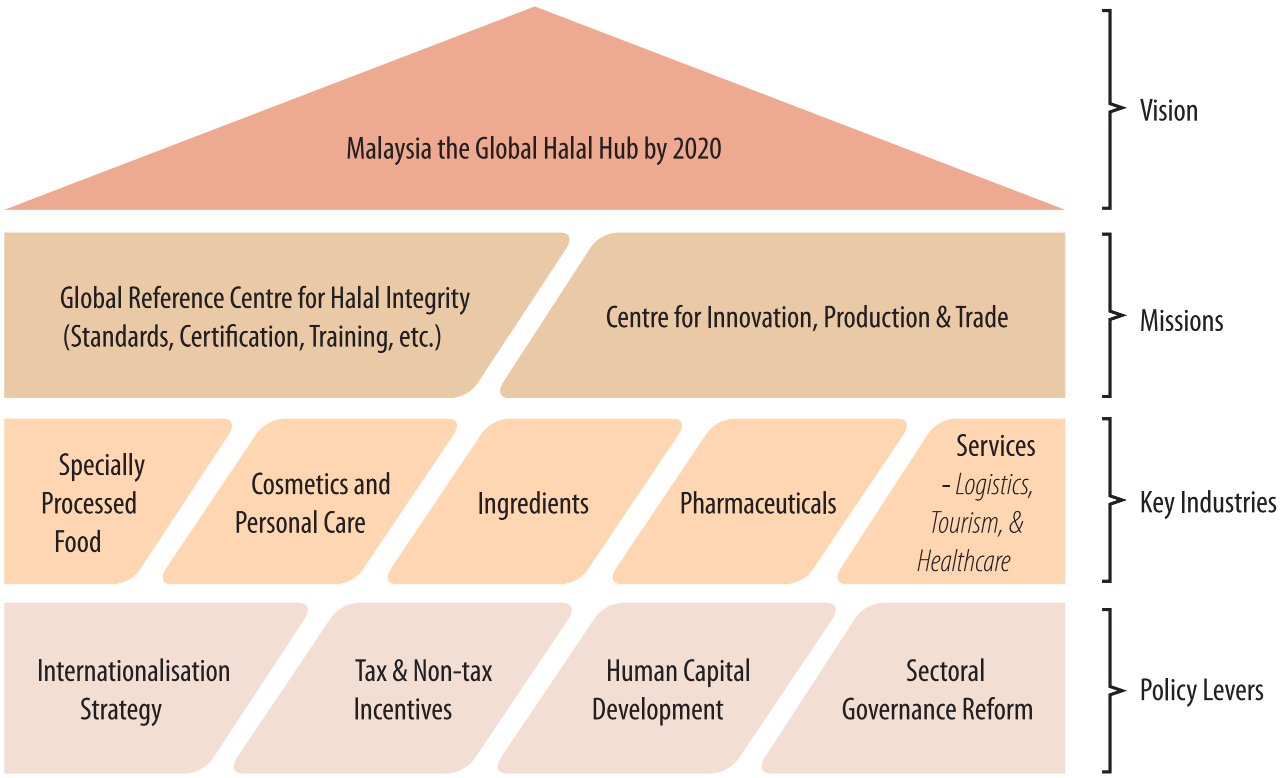
As at 2014, there are 21 Halal Parks in Malaysia. Out of these, only 13 Halal Parks have been awarded the HALMAS status which allows the operators, industry players and Halal logistics service providers of these Halal Parks to claim the various incentives under the Halal industry guidelines. To qualify, each of these Halal Parks must be at least 100 acres in size.

There are more than 100 investors operating within the Halal Parks with a realised investment value of more than RM5.1 billion in 2014. There is another RM3.4 billion that has the potential to be realised. These investments in the Halal Parks were able to generate employment opportunities for more than 5,000 workers.

Halal Parks were set up to improve the economic performance of participating companies, and to ensure that the Halal integrity is not compromised which means that there is no element of doubt as to the Halal integrity of the products manufactured in these Halal Parks...

THE WAY FORWARD – HALAL DEVELOPMENT VISION AND MISSION

The overall focus will be on Halal growth and development of strategies for Malaysia in both Halal products and services, and identifying programmes and initiatives to increase Halal-related trade and investment. In summary, the overall vision and mission is illustrated in the diagram.



...Halal market is becoming increasingly lucrative, and therefore highly competitive. The Malaysian Halal industry will need to move swiftly and aggressively to capture the present opportunities by capitalising on the assurance of the renowned 'Halal Malaysia' certification which manifests the high safety, quality and hygiene aspects of our Halal-certified products...

To become a global leader in the Halal industry, Malaysia must first be recognised as having high and credible Halal standards; at par with WHO's CODEX Alimentarius and other international standards and practices such as ISO, GMP, PIC/S (Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme), GMP Guidelines and HACCP.

The global perspectives and acceptance of Malaysia's Halal logo and Malaysia's Halal standards play a key role in the demand for Malaysian certified Halal products. These standards not only confirm the permissible aspects of a Halal-certified product, but also provide the assurance of the product's safety, quality and hygiene or known as "Toyyiban". Such assurances will be further capitalised as Malaysia moves toward a New Economic Model (NEM) with new approaches in pursuing the Halal development agenda.

The increase in global awareness and demand for Halal products signify that the Halal market is becoming increasingly lucrative, and therefore highly competitive. The Malaysian Halal industry will need to move swiftly and aggressively to capture the present opportunities by capitalising on the assurance of the renowned 'Halal Malaysia' certification which manifests the high safety, quality and hygiene aspects of our Halal-certified products and hence, provides confidence to all consumers, Muslims and non-Muslims alike, to opt for Malaysia's Halal products and services.

The Malaysian Halal integrity is strongly supported and widely recognised internationally. This integrity is essential in facilitating the global demand for Malaysia's Halal products. This leads to the need for further development and requisite promotion of key clusters, to ensure that Malaysia has the capacity and capability of meeting this global demand.

HALAL DEVELOPMENT AND STRATEGIC DIRECTIONS

In order to achieve the vision and mission of Malaysia's Halal industry, there are three shifts that need to be initiated in the approach to develop the industry. Firstly, there is the Quantity to Quality shift whereby there is a need to look beyond statistical markers of growth rates and share of services to GDP, and focus instead on the composition of the sector. The Malaysian Halal sector must move towards a more knowledge-intensive and higher value-added approach, concentrate on building external competitiveness of services with emphasis on attaining higher export growth and create high income employment opportunities. The industry also needs to establish linkages between sectors leveraging on the national agenda programmes such as '*Dasar Ubat Nasional*' (DUNas) and Bumiputera Economic Empowerment Agenda.

Secondly, there is a need for a shift from Liberalisation to Integrated Sectoral Governance Reform whereby a comprehensive, coordinated and strategic approach to reforms in targeted sectors is initiated, and this must be followed by an overall strategy for good sectoral governance.

Thirdly, there should be a shift towards the Internationalisation of Service Providers in which the successful export-oriented model that has worked so well for Malaysia's product-related exports be replicated, and intensified for Halal services exports. This will involve re-examining the internal mindset of Halal service corporations to be more receptive to internationalisation modes. Halal service providers should also explore new export promotion strategies, and look beyond the ASEAN market for export expansion.

It is targeted that the Halal industry will contribute significantly to the country's GDP by the year 2020. This can be achieved by intensifying the contribution of Halal production and services of MNCs as well as local Halal-certified companies. To drive this, the ability of Malaysia's homegrown Halal-based companies will be further enhanced so as to attain higher revenues. It is also envisaged that the number of export-ready Halal companies will reach approximately 1,600 companies by 2020, from 900 companies as at end 2014. Export contribution from local Halal companies as a percentage of overall Halal exports is forecast to increase from 21.0 per cent in 2014, to about 50.0 per cent by the year 2020. Additionally, the growth and development of Halal companies are expected to provide 330,000 employment opportunities by the year 2020.

DEVELOPING A HALAL BIOECONOMY IN ISLAMIC COUNTRIES

Halal bioeconomy is the creation of a Halal ecosystem as the platform for Halal industry players to venture into the lucrative global market for Halal bio-based products. The concept thrust to attain sustainability of the Halal industry is to meet the demands of the global Muslim population for food, healthcare and other services.

A bioeconomy can be defined as an economy where the basic building blocks for materials, chemicals and energy are derived from renewable biological resources. The establishment of the bioeconomy initiative has been widespread across the globe since 2007, and includes China, Australia, New Zealand, Canada, the European Union, the United Kingdom, India, the United States, Latin America & the Caribbean and Germany. Malaysia is the first country in ASEAN and the second in Asia to have adopted the bioeconomy initiative through the implementation of the Bioeconomy Transformation Programme (BTP) launched in October 2012. The Organisation for Economic Cooperation and Development (OECD) has estimated that by 2030, the global bioeconomy will contribute an average of 2.7 per cent to the world's Gross Domestic Product (GDP).

The Bioeconomy Transformation Programme targets investments amounting to RM10.0 billion, the creation of 16,300 new jobs and a GNI of RM3.6 billion by the year 2020. In addition to the biotechnology industry, the BTP also focuses on other industries and economic sectors that produce, manage and utilise biological resources including agriculture, forestry, fisheries, food production, healthcare, chemicals and renewable energy.

The inauguration of Halal bioeconomy was made during the World Islamic Economic Forum 2014 in Dubai, which had focused on the areas of Food Security and Improvements in Healthcare. Halal as a new source of economic growth aims to address the global challenges on food security, healthcare and sustainability. With the industry evolving into a bio-based economy, the potential of Halal bioeconomy is tremendous. The establishment of an Islamic bioeconomy cluster region heightens opportunities for a niche market, and strategically contributes to the development of sustainable economic growth, social advancement and preservation of the environment.

SMEs AND ENTREPRENEURIAL DEVELOPMENT - THE NEXT WAVE IN INTERNATIONALISATION

SMEs and Entrepreneurial Development

The Next Wave in Internationalisation

The year 2014 marked the 10th anniversary of the National SME Development Council (NSDC) which is the highest policy making body for SME development in the country. The Council has adopted a comprehensive approach in SME development, particularly in formulating and coordinating policies and programmes across various ministries and agencies in Malaysia. Over the last 10 years, significant progress has been made in the area of SME development. SMEs have expanded at a faster pace since 2004, evident by the higher average annual GDP growth rate of 6.6 per cent versus the 3.1 per cent attained during the period 2001-2003. The GDP growth of SMEs was also higher than the 5.0 per cent average GDP growth of the overall economy during the same period. Progress was seen on many fronts due to the effectiveness of the policy – from statistics, guidelines, products, human capital development, market access and outreach, information dissemination, to the strengthening of financial infrastructure.

In 2014 SMEs are projected to record a sustained growth rate of 6.5 per cent compared to 6.3 per cent in 2013. Growth in 2014 was driven by both domestic and external demand. The vibrant domestic economic activities were underpinned by robust growth in both investment and consumption, which had especially benefitted those in the services sector. Nevertheless, SMEs continued to face challenges during the year, largely due to the increasing cost of doing business which arose from the implementation of the Minimum Wage Policy, subsidy rationalisation and expectations of higher prices due to the impending Goods and Services Tax (GST).

An Overview of SME Performance in 2014

In order to standardise and systematically document the growth of SMEs, SME Corp. Malaysia recognised the need to develop a quantitative assessment tool to evaluate the impact and effectiveness of supportive programmes on SME growth. With a tool to accurately measure the degree of change across a plethora of criteria in SME performance, SME Corp. Malaysia is able to fine-tune its support programmes to deliver the most effective response to best manage SME growth. SME Competitiveness Rating for Enhancement (SCORE) was formulated solely for this purpose. SCORE was developed in-house to measure the performance and capabilities of SMEs under its programme in seven areas namely Business Performance, Financial Capability, Technical Capability, Production Capacity, Innovation, Quality System, and Management Capability. This diagnostic tool was used to measure the capability of a company to gauge and understand not only their strengths and weakness but also their needs, in order to assist them in raise their performance. SCORE has subsequently been elevated to a higher level, where it is now a component rating system for the Ministry of International Trade and Industry and constitutes one of its Key Performance Indicators (KPIs).

Using SCORE, companies are rated on a scale of '0-Star' to '5-Star'. The results are then used as indicators of the companies' strengths and weaknesses and to provide insights into the capabilities and potentials of these companies. Companies rated 0-Star to 2-Star will be provided with hand-holding assistance to enhance their capabilities, while SMEs rated 3-Star and above, will be selected to participate in various trade missions and SME-related linkage programmes.

Since its inception in July 2007, six SCORE models have been developed in collaboration with several relevant agencies. These include Manufacturing & Manufacturing-Related Services developed by SME Corp. Malaysia; Information Communication Technology (ICT) Model, a collaboration with MDeC; Distributive Trade Model, a collaboration with Perbadanan Usahawan Nasional Berhad (PUNB); Construction Model, a collaboration with Construction Industry Development Board (CIDB); Maintenance, Repairing and Overhaul Model, a collaboration with Ministry of Defence Malaysia (MINDEF); and

Professional Services Model, in collaboration with the Professional Services Development Corporation Sdn. Bhd. (PSDC).

As at December 2014, a total of 13,966 SMEs had been 'scored' since the implementation of the first SCORE model in 2008. Out of these, 6.4 per cent were rated 4-Star, 36.3 per cent as 3-Star, and 57.2 per cent as 2-Star and below, while 0.1 per cent were rated as 5-Star.

STATUS OF SCORE (No. of SMEs)

RATING	2014	2013	2012
0-Star	2	6	13
1-Star	230	182	241
2-Star	1,249	1,219	1,300
3-Star	1,527	1,411	1,148
4-Star	293	265	221
5-Star	3	7	6
Total Number of SMEs Rated	**3,304**	**3,090**	**2,929**

Source: SME Corp. Malaysia

Based on the SME Census in 2011 (Department of Statistics Malaysia), SMEs make up 97.3 per cent of the total business establishments in Malaysia, of which 77.0 per cent are Micro Enterprises. To cater for the specific needs of Micro Enterprises, SME Corp. Malaysia developed an assessment tool called Micro Enterprise Competitiveness Rating for Enhancement (M-CORE) in 2010. A simplified version of SCORE, M-CORE focuses on the categorisation of micro enterprise performance into four main areas: business capability, financial capability, operations, and management. As at end 2014, a total of 1,824 Micro Enterprises have been evaluated.

SME Corp. Malaysia also trained new auditors from other ministries and government agencies as its Strategic Partners, who then implement SCORE at their respective organisations. From only four Strategic Partners in 2009, SME Corp. Malaysia currently has 15 Strategic Partners that are actively evaluating local Malaysian companies using the SCORE rating system.

STATUS OF M-CORE

RATING	2014	2013	2012
Level 1	101	106	190
Level 2	333	354	285
Level 3	16	20	5
Total Number of Micro Enterprises Rated	**450**	**480**	**480**

Source: SME Corp. Malaysia

Success Through Constructive Cooperation

The Business Linkage (BLing) Programme is a programme that facilitates linkages between SMEs and large companies, multinational corporations (MNCs) or Government Linked Companies (GLCs) from various industries ranging from fast-moving consumer goods (FMG) products, food and beverages, E&E, chemicals and petrochemicals, automotive and services. The main component under this programme is the Business Matching Sessions. The sessions are conducted annually during the SME Annual Showcase (SMIDEX), plus as and when there are opportunities with interested MNCs. As at 31 December 2014, six Business Matching Sessions have been organised throughout 2014 and a total of 303 SMEs have been linked with MNCs/GLCs/ large companies, with a total potential sales of RM428.64 million.

The most successful outcome of the business matching sessions was held at the SME Annual Showcase (SMIDEX) 2014 from 4 - 6 June 2014. More than 100 companies were involved in 261 business matching sessions which resulted in potential sales of RM373.43 million. Malaysian SMEs from the chemicals and petrochemical sector, distributive trade, E&E, food and beverages, ICT, machinery and engineering, pharmaceuticals, automotive, aerospace, medical devices, and shipbuilding sectors came together to meet with hypermarkets, SMEs from the UK, GLCs and foreign aerospace companies.

Greater Market Access for SMEs

One of the initiatives by MATRADE, as an agency under the Ministry of International Trade and Industry (MITI), to further accelerate national exports by Malaysian enterprises, is the GoEx programme. The programme was created primarily for Small and Medium Enterprises (SMEs) to enhance their competitiveness and internationalisation in the global export arena through market immersion. MATRADE also offers a high impact programme called the Mid-Tier Companies Development Programme – a specific programme for local Mid-Tier companies (MTCs) to improve their export growth and strengthen their core business functions to become global exporters.

In 2014, MATRADE also embarked on a new programme called e-Trade. The programme is aimed at encouraging Malaysian companies including SMEs and entrepreneurs to leverage on e-commerce platforms for export. The e-Trade programme, a joint effort with Multimedia Development Corporation (MDeC), is an initiative under Digital Malaysia. It was introduced to increase SMEs' adoption of e-commerce by way of participating in leading global e-marketplaces, such as Alibaba.com, to market their products.

Complementing these, MATRADE also continued to provide financial assistance to SMEs through the Market Development Grant (MDG), a scheme to assist SMEs in undertaking export promotion activities and venture into the global market. In 2014, a total of 1,970 SMEs benefitted from the reimbursable grant with a total disbursement of RM32.25 million.

The GoEx programme was created primarily for SMEs to enhance their competitiveness and internationalisation in the global export arena through market immersion.

Brand Recognition and Awareness

The SME-Brand Development Programme was developed to enhance visibility of Malaysian products and services in both local and international markets. SME Corp. Malaysia and its partner, SIRIM QAS International Sdn. Bhd. have since then developed the National Mark of Malaysian Brand - a mark of recognition affixed to Malaysian products and services of the highest quality, excellence and distinction. It is aimed at changing the general perception that SME products are of lower quality, reliability and packaging standards compared to big brand names.

Since its inception on 2 March 2009 until end December 2014, a total of 104 companies have been certified with the National Mark of Malaysian Brand; of which 26 companies were certified in 2014. The objective of the certification is to increase visibility of the National Mark of Malaysian Brand, as well as to introduce companies, build rapport and facilitate linkages between the brand certification recipients and potential customers from both the public and private sectors.

SME Corp. Malaysia has also organised the Malaysian Brand Forum 2014, the Malaysian Brand Networking Session 2014 and several Malaysian Brand Development Workshops. In 2014, two workshops were organised, one in Batu Pahat, Johor attended by 35 participants; and another in Kuala Lumpur, with 130 participants. The outreach programmes were aimed at raising awareness on branding and to encourage local companies to use good branding practices to penetrate the global market.

The Branding and Packaging Mobile Gallery with the Brand Transformer were also put to work travelling the length and breadth of Peninsular Malaysia to reach out to rural SMEs and to raise awareness on the importance of branding. The mobile travelling vehicle is a 40-foot wing glider, refurbished and fitted out with an interactive, user-friendly and innovative display of packaging samples and materials called the 'Brand Transformer'. In 2014, the Brand Transformer covered 13 locations and engaged a total of 2,078 participants, who attended the training and informative workshops. This travelling educator programme is a public-private sector collaboration between SME Corp. Malaysia, SIRIM, MyIPO, FMM and DDEC to promote the development of rural SMEs through brand building and better packaging of products and services.

Innovation in Achieving Distinction

The 1-Innovation Certification for Enterprise Rating and Transformation (1-InnoCERT) programme is aimed at recognising and certifying innovative enterprises and SMEs, as well as encouraging Malaysian entrepreneurs to venture into high technology and innovation-driven industries. As of end 2013, a total of 90 SMEs were successfully certified after being audited through an on-site audit by SIRIM Berhad. Under this programme, the 1-InnoCERT certified SMEs were automatically eligible to participate in the annual SME Innovation Award, as well as benefit from the various facilities and incentives under the Green Lane Policy which include a financing facility, a tax incentive and access to Government procurement programmes. In 2014, twelve 1-InnoCERT companies applied for the incentives under the Green Lane Policy. Out of this, seven companies had received loan approvals amounting to RM28.10 million.

SME Corp. Malaysia had also provided an incentive for SMEs which are 1-InnoCERT certified, in the form of the Innovation Voucher. This Innovation Voucher is a promissory note of reimbursable grant to facilitate SMEs with 1-InnoCERT certification to conduct innovation research and development, advertising and promotion, certification and quality management system (QMS), as well as packaging.

The SME Innovation Award is an annual event organised in conjunction with the SME Annual Showcase (SMIDEX). In 2014, the event was held on 4 - 6 June 2014 in Kuala Lumpur. The selection and assessment of innovative SMEs for the SME Innovation Award was based on a pool of 1-InnoCert certified companies. This premier award, which has been held since 2010, is aimed at acknowledging and recognising the most innovative SMEs for the year. The Top Most Innovative SME is awarded RM1.0 million cash prize, while the winners of the other six categories receive RM200,000 each. The categories are Manufacturing, Services, ICT and Software Development, Engineering and Industrial Design, Biotechnology and Agro Technology and Green Technology. The SME Innovation Award was presented by the Prime Minister during the launch of the showcase, SMIDEX 2014. The Top Most Innovative SME Award 2014 was won by KLSMC Stem Cells Sdn. Bhd.

'Green' Programme for Light-Emitting Diodes/ Solid-State Lighting (LED/SSL) Industry

SME Corp Malaysia has started implementing the 'Green' LED/SSL Programme (Entry Point Project EPP 10) under the Electric & Electrical NKEA, to help steer Malaysia to the forefront of the light-emitting diodes/solid-state lighting (LED/SSL) industry. The programme is aimed at enhancing the capabilities of local LED/SSL companies by providing support in terms of partial grants for process improvement activities; product development and testing; as well as in the acquiring of international certifications.

SME Corp. Malaysia engaged ISIS Innovation Limited (ISIS), (a commercialisation arm under the University of Oxford), through its local representative, BDEC Resources Sdn. Bhd. (BDEC) to fast-track the creation of world-class Malaysian LED/SSL companies. Their role is to enhance capacity-building in both the soft and hard skills of the Malaysian companies, particularly in building the requisite foundation to expedite the commercialisation and internationalisation for them to become world class entities.

Green LED/SSL Programme has gained significant strides. At the end of 2014, ten companies have qualified for this programme. These participating companies have successfully formed a consortium called 'Malaysian LED Consortium' (MLC). The companies involved in this programme has achieved sales worth RM80.0 million by the end of 2014, recording a sales growth of 24.0 per cent, compared to an increase of 7.7 per cent the year before.

The 1-Innovation Certification for Enterprise Rating and Transformation (1-InnoCERT) programme is aimed at recognising and certifying innovative enterprises and SMEs, as well as encouraging Malaysian entrepreneurs to venture into high technology and innovation-driven industries.

Capacity-Building - Enhancing Knowledge and Developing Skills

The Business Accelerator Programme (BAP) and the Enrichment and Enhancement (E^2) Programme are both initiatives which support SMEs and Micro Enterprises to develop and accelerate their businesses, by providing integrated assistance which cover company assessment, business advisory, improvement activities and financial assistance to help the enterprises in improving business performance.

As at December 2014, a total of 775 companies have received approvals under BAP and E^2 (inclusive of Innovation Vouchers) with financial assistance amounting to RM165.97 million which was a 19.0 per cent increase in approvals compared to 2013.

SME Corp. Malaysia has also created the SME Experts Advisory Panel (SEAP), comprising an experienced pool of experts from various industries and specific Government Agencies. Under this programme, the panel of experts not only provides technical and business advisory services, but also guides the SMEs to continuously review and improve their business operations and practices.

As at end 2014, a total of 63 industry experts were appointed from various backgrounds. Since its inception in 2005, a total of 111 SMEs have implemented progressive measures and positive changes, wherein 14 SMEs have completed 30 consultation phases in 2014. Some of the significant changes that these SMEs have undergone as a result of the programme include better success rates in securing new deals and big tenders; enhanced career progression for their employees; promising and strong business relations; efficient implementation of company guidelines and policies; restructuring of the company to improve its overall management; and a structured documentation system and Key Performance Indicators (KPIs) to track company performance.

...created the SME Experts Advisory Panel (SEAP), comprising an experienced pool of experts from various industries and specific Government Agencies. Under this programme, the panel of experts not only provides technical and business advisory services, but also guides the SMEs to continuously review and improve their business operations and practices.

Paving the way for learning and guidance through a mentoring programme under the auspices of Public Private Partnerships helps SME communities bridge the gap between policy implementation and on-ground challenges. In 2009, SME Corp. Malaysia entered into a strategic partnership with Nestlé (Malaysia) Berhad and Halal Industry Development Corporation (HDC) to launch the SME Mentoring Programme. Nestlé spearheaded the programme by sharing its vast experience in production, sales, marketing and in Halal-related matters with SMEs in the food and beverage industry in Malaysia.

Through the SME Mentoring Programme, various SMEs were motivated to undertake initiatives such as setting up of the Halal Committee to monitor the Halal matters in their respective companies; initiatiating the process of obtaining Halal certifications, MS ISO 9001:20088, MS ISO 1480:2007, GMP and HACCP; strictly adhering to documentation as per the Food Act & Regulations especially for food processing, the Food Act 1983, Poison Act 1952, Veterinary Surgeons Act 1974, Feed Act 2009, and the Dangerous Drugs Act 1952; aggressively promoting their products and services through various media, and seeking new distribution channels.

Since its inception in 2010, a total of 243 SMEs with 352 participants benefited from this mentoring programme. In 2014, the programme attracted encouraging response from 69 SMEs which brought together a total of 100 participants who attended four sessions which were held in Perak, Sarawak, Johor and Kuala Lumpur.

Strong leadership is a precursor to SME growth, and it is indispensable given today's dynamic marketplace. To identify and develop capable leadership through mentoring of CEOs and top decision makers, SME Corp. Malaysia in collaboration with Pembangunan Sumber Manusia Berhad (PSMB) and Universiti Kebangsaan Malaysia (UKM), established the SME@University Programme in 2011. Since then, a total of eight universities have embarked on this programme branded as SME@UKM, SME@UPM, SME@UiTM, SME@IIUM, SME@UMK, SME@UUM, SME@HELP University and SME@UMS. The completion of the first batch with five universities benefited a total of 104 Malaysian CEOs, the second batch with seven universities benefited 160 Malaysian CEOs while the 2014 sessions with eight universities, benefited another 190 Malaysian CEOs of SME corporations.

This programme was initiated based on the training model of Tokyo SME University, Japan in consultation with the SME Support, Japan. The objective of SME@University Programme is to provide a structured learning opportunity in Malaysian universities, with the goal of developing capable Malaysian CEOs with exposure to knowledge not only from theory and methodology but also experience on entrepreneurship and the use of current business tools. To further intensify the learning curve, two Advanced Courses under the SME@University initiative were introduced in 2013; namely the Advanced Leadership Programme and the Advanced Course for SME@ University in Japan.

Based on the feedback from participating CEOs, areas where they derived most value out of the programme included better knowledge on refining their business direction and business plan; articulation or formalisation of the business vision and mission in their organisations; greater confidence in bidding for overseas projects and attracting investors from within and outside the country for business expansion; better opportunities to promote their products and services through 'Business Pitching' for overseas investments; greater encouragement for the CEOs to pursue their MBA studies; and wider business opportunities explored with other CEOs of SMEs who participated in the same programme.

A total of 17 Malaysian CEOs-cum-graduates from the SME@University Programme were given the opportunity to attend the Advanced Leadership Programme at renowned universities in UK and the US. In 2014, six CEOs were selected to attend the course at Cranfield University, UK and another three CEOs for the course at University of California, Berkeley in the US.

Meanwhile, 20 selected CEOs from the SME@ University Programme attended the Advanced Course for SME@University in Japan. Delivered in collaboration with SME Support of Japan University and Tokyo SME University, the six-day programme provided participating CEOs with an interactive platform to gain new insights from various SME support agencies, and also with SMEs in Japan.

In December 2014, the CEOs of SME@University Programme officially established the SME@University Alumni Association of Malaysia (SAAM); demonstrating their commitment and passion to share ideas and further the reach of the SME@University Programme.

Moving forward, SME@University Programme expects to increase the participation to up to 200 SMEs, in collaboration with the current eight participating universities and a new implementer, the Universiti Malaysia Sarawak (SME@UNIMAS).

The SME-University Internship Programme is an initiative to link SMEs to the universities as part of the Government's efforts to enhance the synergy between the industry and academia, aimed at upgrading the capacity and capability of more SMEs. This programme also gives the opportunity for students to apply their knowledge in the real business environment, and learn best business practices with the advice of lecturers and Business Counsellors from SME Corp. Malaysia, as well as through interactions with SME owners.

As at end 2014, a total of 16 public universities are involved in the SME-University Internship Programme namely Universiti Kebangsaan Malaysia (UKM), Universiti Utara Malaysia (UUM), Universiti Putra Malaysia (UPM), International Islamic University Malaysia (IIUM), Universiti Tun Hussein Onn Malaysia (UTHM), Universiti Malaysia Perlis (UniMAP), Universiti Sains Islam Malaysia (USIM), Universiti Sultan Zainal Abidin (UNiSZA), Universiti Teknologi MARA (UiTM, Seri Iskandar, Perak), Universiti Pendidikan Sultan Idris (UPSI), Universiti Teknikal Malaysia Melaka (UTeM), Universiti Malaya (UM), Universiti Malaysia Kelantan (UMK), Universiti Malaysia Pahang (UMP), Universiti Malaysia Sabah (UMS) and Universiti Sains Malaysia (USM), where 396 students and 77 SMEs completed the programme in 2014.

With consultations and improvement activities undertaken throughout this programme, some of the highlights captured by these companies included increase in sales of up to 275.0 per cent and increase in profits of up to 500.0 per cent. This was achieved through continuous improvements made in the companies' overall operations, and engagements with their corporate clients. Companies which participated at the 2014 Malaysian International Halal Showcase (MIHAS) for instance, reported increased sales of up to 147.0 per cent while capturing fixed cost savings of up to RM29,700.

In addition, based on the feedback received from the participating SMEs and students, 93.0 per cent of the SMEs stated that their business performance had improved while 96.0 per cent stated that their knowledge on business best practices had been enhanced due to their participation in the programme. Additionally, 97.0 per cent of the students who participated in the programme stated that it had helped to enhance their knowledge and awareness on entrepreneurship.

A Catalysing SME Master Plan 2012-2020

The SME Master Plan, the first comprehensive roadmap for SME development in Malaysia across all sectors was released in July 2012. It is currently being implemented with the aim of increasing the contribution of SMEs to the country's economy, in line with the national aspiration of becoming a high income economy by the year 2020. The Master Plan takes a new approach to SME development: through an outcome-based approach by putting in place a comprehensive monitoring and evaluation (M&E) system to track the effectiveness of its initiatives. Furthermore, the Master Plan advocates strong public-private sector partnership with initiatives which promote shared responsibility and accountability between the public and private sector. Cognisant of the environmental and structural changes that may take place during the implementation period, the Master Plan is also a 'live plan' that can be fine-tuned to remain relevant with changing times.

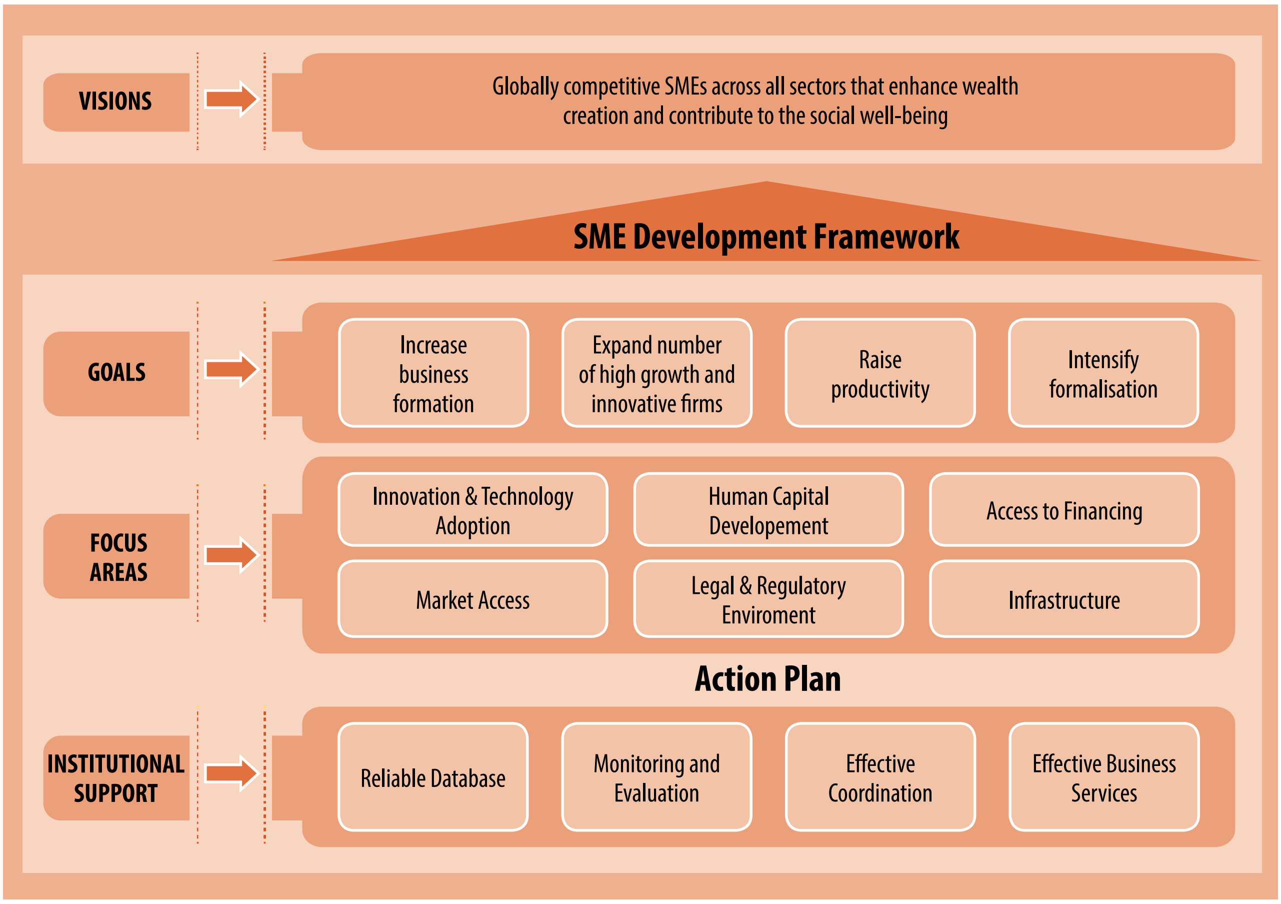
The Master Plan proposed a new SME development framework for innovation-led and productivity-driven growth. The framework comprises five elements namely vision, goals, focus areas, action plan and institutional support .

Altogether, the Master Plan has proposed 32 initiatives which include six High Impact Programmes (HIPs) and four thematic measures. The HIPs are critical in shaping the ultimate outcomes towards achieving the goals set under the Master Plan. The Master Plan has also proposed specific measures for SMEs in East Malaysia so as to cater to their unique business environment.

Currently, the implementation of the SME Master Plan is progressing well with the HIPs at varying stages of implementation. Two of the HIPs have begun benefiting SMEs while the rest are in the final preparation stage for execution. The first to be launched and implemented was HIP 2 in April 2014 which was led by Agensi Inovasi Malaysia (AIM) through its subsidiary, PlaTCOM Ventures Sdn. Bhd. PlaTCOM is a privately-managed company providing end-to-end assistance in facilitating SMEs to innovate and commercialise their products and services. A total of 245 companies were screened and evaluated, from which 13 SMEs were selected to receive assistance under the programme as at end December 2014.

Second in line was the Going Export (GoEx) Programme, which began its operation in August 2014. This programme offers customised support to new exporters or existing ones to venture into new markets or new products/services. The end game is for more SMEs to have a global footprint and gain market share, thus resulting in the increase in SMEs' contribution to the country's total exports. This programme implemented by MATRADE is distinct from the other existing programmes the agency has implemented thus far. Under this programme, selected export-ready SMEs are given comprehensive assistance ranging from export advisory, trade facilitation and market linkages to international buyers, distributors and agents through market immersion initiatives. As at end December 2014, a total of 45 companies from various sub-sectors has received support under the GoEx Programme.

New SME Development Framework



High Impact Programmes under the SME Master Plan

HIP 1: Integration of registration and licensing of business establishments	**HIP 2: Technology Commercialisation Platform (TCP)**	**HIP 3: SME Investment Programme (SIP)**
Create a single registration point through interfacing of the business registration system and the licensing System.	Establish a national network of privately-managed platform to promote innovative ideas from proof of concept to commercialisation stage.	Provde early stage financing through the establishment of investment companies to invest in potential SMEs in the form of debt or hybrid of debt and equity.
HIP 4: Going Export (GoEx) Programme	**HIP 5: Catalyst Programme**	**HIP 6: Inclusive Innovation**
Offer customised assistance to new exporters and SMEs venturing into new markets. Export-ready SMEs can avail to comprehensive support assistance.	Create homegrown champions through a targeted approach with support in the area of market access, capacity building and human capital development.	Empower the bottom 40% of the income group to leverage on innovation through transformation of rural community by providing affordable products and solutions.

Source: SME Corp. Malaysia

The rest of the HIPs were endorsed at the NSDC meeting in 2014, and were then in the final process of formalising collaboration with the implementing agencies or service providers as well as establishing special entities to manage the programmes. In order to see the full impact of the Master Plan on the economy, it is crucial that all six HIPs are implemented together to ensure the synergy, as they are inter-connected and mutually reinforcing. Once this is accomplished, SME Corp. Malaysia as the driver of the Master Plan would shift its resources and efforts toward operationalising the other 26 initiatives under its four thematic measures in the Master Plan; to enhance the business eco-system and service delivery to SMEs.

Going forward, the SME Master Plan would continue to be the overarching policy for SME development under the 11th Malaysia Plan as prevailing issues plaguing SMEs are still pertinent. In addition, 11th Malaysia Plan will also strive to deal with other challenges faced by SMEs arising from labour market reforms, government delivery as well as productivity enhancements.

Thematic Measures under the SME Master Plan

Theme 1	Promote resource pooling and shared services to overcome scale disadvantages
Encourage Consortiums and Aggregation Service Providers	
Establish Logistics Consolidation Centres	
Enhance Human Resources (HR) and Organisational Development	

Theme 2	Create demand for SME products
Specific policy on Government procurement	
Encourage MNCs to procure from SMEs through the vendor development programme	
Provide financial support to enable SMEs to comply with market requirements of standards and certification	

Theme 3	Reduce information asymmetry to enhance opportunities
Enhance current credit information system to address information asymmetry, i.e. to include Goverment funding	
Foster greater Intellectual Property (IP) adoption among SMEs through better awareness and advisory	
Independent Panel of Experts (IPEs) comprising industry experts to assist financial institutions	
Effective outreach to enhance financial inclusion	

Theme 4	Building capacity through knowledge acquisition and skills upgrade
Ensure industry readiness of new entrants into workforce	
Transform polytechnics and technical fields into a career of choice	
Tap-on talent from abroad to address skills shortage among SMEs	
Intensify human capital training programmes to meet specialised skill needs	

Source: SME Corp. Malaysia

Specific Programmes for Bumiputera and Women Entrepreneurs

The Vendor Development Programme (VDP) was initiated in 1988 together with the National Automotive Industry with the objective of developing and enhancing local manufacturers and component suppliers in the automotive sector. VDP aims to grow Malaysian SMEs as manufactures and suppliers of automotive components and services required by large, local companies, MNCs and GLCs.

The Ministry of Trade and Industry (MITI) was made the Central Monitoring Unit (CMU) and is responsible for the implementation and monitoring of the VDP as of 14 September 2013. This role is consistent with the Fourth Focus outlined under the Bumiputera Economic Empowerment Agenda, in enhancing Bumiputera Entrepreneurship and Commerce. VDP provides support in the form of training, capacity building, product development and enhancement, as well as market promotion for Bumiputera vendors. The VDP National Guidelines which took effect on 17 July 2014, has served as a reference and guide in the implementation of the VDP by all parties involved.

The contribution of the VDP in developing and enhancing local manufacturers and suppliers have increased in tandem with the increase in the number of companies participating in the programme. This growth is further fueled by the expansion in the manufacturing and services sectors, namely the oil and gas, engineering services, electric and electronics and telecommunication sub-sectors. As at December 2014, 16 anchor companies with 2,585 vendors have been registered under this programme.

In 2014, various capacity building programmes were conducted in collaboration with Malaysia Productivity Corporation (MPC), SIRIM Berhad and eight anchor companies under the VDP, namely Celcom Axiata Berhad, Keretapi Tanah Melayu Berhad (KTMB), Boustead Naval Shipyard, CCM Chemicals Sdn Bhd, Pharmaniaga Berhad, PROTON, Telekom Malaysia (TM) and PETRONAS. A total of 552 vendors benefited from the programmes.

The VDP under MITI was also involved in the organisation of GLC ExplorAce 2014 in collaboration with Tenaga Nasional Berhad. The event attracted 514 visitors consisting of vendors and companies from various industries. Out of this total, 188 vendors participated in the business matching session. The event also provided a good platform for vendors, GLCs, MNCs, large Malaysian companies as well as MITI and her agencies to network, explore business, and other collaborative opportunities with each other.

The Bumiputera Enterprise Enhancement Programme (BEEP) is another specialised programme which aims to create and develop competitive, resilient and dynamic Bumiputera SMEs through a comprehensive, integrated assistance with hand-holding approaches. These include strengthening their core businesses; building capacity and capability; increasing productivity and facilitating access to financing and training; packaging and labelling; getting certification and having Quality Management Systems (QMS); innovation and advertising; plus promotion and branding.

The programme is implemented at SME Corp. Malaysia's State offices, in collaboration with 11 State Governments namely Johor, Kedah, Kelantan, Malacca, Negeri Sembilan, Pahang, Penang, Perak, Sabah, Sarawak and Terengganu. BEEP has also been extended to include Selangor and Kuala Lumpur.

The assistance given is in the form of matching grants. As at end 2014, a total of 1,162 applications has been received and 990 were approved to obtain assistances amounting to RM99.14 million. The states of Malacca, Terengganu and Penang recorded the highest approvals with 312 (worth RM14.86 million) from Malacca; 157 (worth RM22.0 million) from Terengganu; and 107 (RM12.15 million) from Penang.

The 'Tunas Usahawan Belia Bumiputera' (TUBE) was launched on 23 November 2014. The programme is an initiative by the Government to encourage the participation of youths in business particularly those whose have received special skills certificates from local training institutes or skill centres. TUBE aims to inculcate the entrepreneurship spirit among Bumiputera youths; change the mindset of youths from being employment seekers to employment providers; and to instill resilience and self-esteem among youths doing business.

The idea was an outcome of the Kongres Usahawan Muda Bumiputera, held on 29 March 2014 which was organised by MITI and Generasi Muda Berjaya Malaysia (GMB). The Prime Minister of Malaysia announced the TUBE programme with an allocation of RM10.0 million.

The TUBE programme is a collaborative effort between SME Corp. Malaysia and various ministries and agencies including the Ministry of Youth and Sports (KBS), the Ministry of Education (MOE), Universiti Malaysia Kelantan (UMK), Universiti Kebangsaan Malaysia (UKM), the Economic Planning Unit (EPU), the Prime Minister's Office and the National Service Training Department (JLKN).

As at end 2014, a total of 448 participants has received the Acknowledgement Certificate, making them eligible to move on to Phase Three and to obtain the business start-up grant of RM15,000. The breakdown of participants based on Zones are: Northern Zone with 117 participants; Eastern Zone, 114 participants; Southern Zone, 115 participants; Sabah Zone, 52 participants; and Sarawak Zone, 50 participants.

To facilitate local companies in exporting their products and services abroad, MATRADE has formulated a wide range of export-promotion strategies. The agency has introduced several special programmes such as the special three-year development programme for Bumiputera entrepreneurs known as the Bumiputera Exporters Development Programme (BEDP), and the Women Exporters Development Programme (WEDP). The programmes were designed to guide selected export-ready Bumiputera and women entrepreneurs to become more competitive, sustainable and have the ability to identify opportunities in the exports market.

Since 2004, a total of 132 Bumiputera-owned companies have benefited from the BEDP. Throughout 2014, a total of RM1.05 million was spent to finance the participation of these Bumiputera-owned companies in 46 trade promotion activities worldwide, which resulted in RM203.89 million in export sales. The Bumiputera-owned companies which had gained from this programme included Dream Edge Sdn Bhd (digital engineering design services); Fikrisz (M) Sdn Bhd (3-in-1 organic premix coffee manufacturer); Oilfield Technical Inspection Sdn Bhd (oil and gas pipeline servicing company); and Gading Kencana Sdn Bhd (manufacturer of solar panel devices).

For the Women Exporters Development Programme (WEDP), 98 women-owned companies have been mentored by MATRADE from 2005 to the end 2014. In 2014 alone, women-owned companies were involved in a total of 54 trade promotion activities which resulted in export sales of RM110.38 million. Amongst the women-owned companies that have profited from this programme were CliffInk Sdn Bhd (*batik* designer); Fatihah Frozen Sdn Bhd (manufacturer of frozen foods); Kampong Kravers Sdn Bhd (manufacturer of frozen premium multi-flavoured curry puffs); Medical Devices Sdn Bhd (manufacturer of peritoneal dialysis solution bags); and Ken-Rich Chemicals Sdn Bhd (manufacturer of detergents and body care products).

SME BANK AND MALAYSIAN INDUSTRIAL DEVELOPMENT FINANCE BERHAD (MIDF) – PARTNERING AND SUPPORTING SMEs

SME Bank

Since its inception in 2005, SME Bank has gone through various phases of development but its main focus has remained unchanged. The mandate given by the Government to nurture and groom SMEs as the catalyst in driving the economic growth of the nation, has continued to be the prime goal. SMEs in the country are expected to contribute 41.0 per cent towards the country's GDP by the year 2020.

As a development-oriented financial institution, wholly owned by the Government, the Bank has aligned its vision and mission in providing financing through the various government funds. SME Bank has undertaken various value-added initiatives which have directly benefited SMEs. The intervention programmes which concentrated on guiding and coaching entrepreneurs have also yielded positive results. As at end 2014, nearly 60.0 per cent of the SME Bank's customers have migrated upward within the five market indicators in those intervention programmes. This is a significant achievement in producing SMEs that can sustain their businesses, and thus ensuring a quality portfolio for the Bank itself.

The financing programmes offered by SME Bank in 2014 were designed to enhance and strengthen the

SMEs, and move them further up the value chain. During the year under review, the Bank has approved a total financing of RM2.90 billion which has benefited 1,570 SME customers.

A key programme implemented in 2014 was the Bumiputera Financing Fund (BFF) which was allocated for by the Government under the 2013 National Budget. The programme is meant to assist Bumiputera SMEs in financing their acquisition of identified companies – those divested by subsidiaries of GLCs and are engaged in non-core activities. The amount allocated for the scheme was RM400.0 million, and it was jointly provided with the EquiBumi Financing programme. However, only RM25.50 million of financing under this scheme was granted due to the limited number of companies being divested.

The TERAS Financing Scheme is a collaborative effort with TERAJU in financing eligible Bumiputera SME companies under the TERAS programme. As at end 2014, a total of 589 companies have registered with TERAS; out of which 122 had obtained financing from the SME Bank amounting to RM669.0 million.

The Halal Development Fund is a special fund allocated by SME Bank based on the collaborative efforts of Halal Development Corporation (HDC) which oversees the Halal industry; and TERAJU which assist in supporting local entrepreneurs involved in Halal-related sectors. This programme was introduced to accelerate the internationalisation of local Malaysian SMEs. As at end 2014, SME Bank has provided assistance amounting to RM64.0 million which has benefited 89 SMEs.

EquiBumi Financing programme is a facility allocated by the Government under the 2014 National Budget to assist credible Bumiputera companies to take over listed companies or companies with potential to be listed on Bursa Malaysia Securities Berhad. The amount allocated for the EquiBumi Financing programme was RM300.0 million. As at end 2014, the Bank has approved seven companies under the scheme; with a total financing of RM248.0 million.

The Malay Reserve Development Financing (MRDF) Programme is a financing facility with an allocation of RM200.0 million initiated by the Government under the 2014 National Budget for the development of Malay Reserved Land in strategic areas such as Kampung Baru, Kampung Datuk Keramat and Kampung Pandan in Kuala Lumpur. This facility is to boost the standard of living of the Bumiputera community within these localities in Kuala Lumpur, in tandem with the rapid development of the surrounding areas. As at end 2014, SME Bank has successfully approved RM35.0 million financing under this programme.

The Rural Economic Development Scheme (SPED) is a special programme to enhance rural Bumiputera business establishments in order to improve their competitiveness and durability, while raising the commitment of rural Bumiputera entrepreneurs. The fund also serves as an instrument to enhance and elevate the rural economies. As at end 2014, SME Bank has approved RM225.48 million financing to 2,177 SMEs.

The Graduate Entrepreneur Fund (TUS2) was first introduced in 2005 with the objective of providing financial assistance to young graduates to start their own business. Up to December 2014, SME Bank has approved RM128.0 million, and more than 80.0 per cent of the financing has been channeled to Bumiputera entrepreneurs.

The Entrepreneur Premise Programme is a comprehensive programme which contributes toward entrepreneurial development. Besides providing factory space for rental at a competitive rate, the programme also offers financial assistance and advisory services to participating SMEs. As at end 2014, the Bank has 454 factory lots located at 27 Enterprise Premise Complexes nationwide, with a 90.0 per cent occupancy rate.

SME Bank together with the Entrepreneur Development Division of MITI have jointly organised the SME Smart Partnership Programme to provide the necessary platforms for business cooperation between large anchor companies and their SME suppliers/vendors. The SME Smart Partnership Programme promotes and provides an integrated platform for business matching and business networking between anchor and vendor companies; SMEs and hypermarkets; local suppliers and international buyers; as well as cooperation between suppliers, manufacturers and distributors. In addition to that, participating SMEs are also able to leverage on the business advisory services offered by various agencies/ministries and enhance their business knowledge through pocket talks held during such events.

The SME Smart Partnership Programme in 2014 kicked-off with a business matching event which was held on 19 - 20 May 2014 at the Putra World Trade Centre (PWTC), Kuala Lumpur and was officiated by Datuk Ir. Hamim Samuri, Deputy Minister of International Trade and Industry. The two-day inaugural programme proved to be a major success with around 1,800 registered SME entrepreneurs attending and 1,231 business matching sessions organised involving companies from various sectors.

Following the success of its first session, a smaller business matching event specifically targeting SMEs in the southern region was held in Johor Bahru, Johor on 22 - 23 September 2014. A total of 1,250 SMEs attended the event; with 505 business matching sessions successfully arranged. Through this programme, SME Bank was able to identify potential Bumipreneur SMEs to be groomed, upgraded and moved up the value chain in their respective industries' ecosystems.

The Centre of Entrepreneur Development and Research (CEDAR), a wholly-owned subsidiary of SME Bank, organised a series of nationwide road shows for conducting SME Biz-Talk sessions, at 11 different venues throughout 2014. The focus of the road shows was to unveil key business industries, opportunities and challenges across six main economic sectors namely; Wholesale and Retail; Tourism and Hospitality; Education; Oil, Gas and Energy; Healthcare; and Green Technology. The road shows were attended by more than 1,200 participants. As at end December 2014, CEDAR has trained more than 12,000 participants from all backgrounds.

Building and strengthening business relationships with current and potential customers is the objective of SME Bank's management team engagement sessions. More than 250 customers attended these sessions, and the main subject of discussions was how SME Bank could further assist companies in expanding their businesses. Several such events were held in major cities throughout 2014 which included Kota Kinabalu, Alor Setar, Malacca, Bintulu and Kuala Lumpur.

In ensuring that the various SME needs were being fulfilled, SME Bank took the initiative to reach out to its SME clients by organising a series of Customers Open Day events at its Enterprise Centres. The objective of the Customers Open Day was to have constructive engagement between the Bank and its existing as well as potential clients. Throughout the year 2014, SME Bank has conducted 19 Customers Open Day sessions all over the country. Such events held by the Bank throughout 2014 has successfully attracted more than 3,000 participating companies, and has generated a business lead valued at RM161.0 million.

Malaysian Industrial Development Finance Berhad (MIDF)

The Malaysian Industrial Development Finance Berhad (MIDF) has played an important role in facilitating industrial growth; since its establishment in 1960 as the nation's premier development finance institution. The MIDF Group is a leading financial services provider in three core businesses – Investment Banking; Development Finance; and Asset Management.

MIDF's Development Finance Division provides financial assistance to SMEs and large corporations in the manufacturing and services sectors. The financing is facilitated under various government schemes and the funds managed by MIDF covers both conventional and shariah-based financing.

These financial assistance programmes are meant to assist SMEs and large companies establish or expand businesses through the acquisition of fixed assets such as land for the construction of industrial and commercial buildings; ready-built industrial or commercial buildings; plant, machinery and equipment; as well as provision of working capital. MIDF also provides advisory services for SMEs that are eligible to apply for listing or future listing on the Bursa Malaysia.

Soft Loan Schemes implemented by MIDF under its development financing programmes include the Soft Loan Scheme for Small and Medium Enterprises

(SLSME) that has been made available since 2001. These schemes were implemented to promote the development of SMEs both in the manufacturing and services sectors. Such schemes also provide assistance to existing as well as new start-up companies in financing their projects, fixed assets and working capital.

Soft Loan Scheme for Automation and Modernisation (SLSAM) which was launched in 2007, provides assistance to manufacturing companies to specifically modernise and automate processes; upgrade production capability and capacity; minimise dependence on labour-intensive activities and foreign labour; diversify into higher value-added activities; rationalise and streamline operations; tooling acquisition; enhance development and production; increase productivity; and boost export performance. This scheme has been a boost for the further growth of the manufacturing sector, and in accelerating industrial development in Malaysia.

Soft Loan Scheme for Services Sector (SLSSS) launched in 2011, was to assist in creating a more dynamic services sector that is both highly efficient and competitive. It was envisioned that the services sector would in the future, contribute more significantly to the nation's gross domestic product (GDP). The SLSSS promotes the emergence of new entrepreneurs, enhances the development of new businesses as well as strengthens existing businesses in the sector. Activities which are eligible for financing under this scheme include business expansion, upgrading and modernisation, higher value-added activities and enhancement in productivity plus efficiency of service delivery.

Soft Loan Scheme for Services Capacity Development (SLSCD) was launched in 2009 to assist in enhancing the capacity of service providers, so as to compete in an increasingly open market due to global liberalisation of the services sector. This scheme finances the purchase of machinery and equipment including computer hardware and software; the costs of business activities related to higher value-addition; and the enhancement of productivity and efficiency in the services sector.

Status of the Soft Loan Schemes Approvals in 2014

Scheme	Application Approved	
	No	Value (RM mil)
Soft Loan Scheme For Small and Medium Enterprises (SLSME)	263	313.0
Soft Loan Scheme For Automation And Modernisation (SLSAM)	83	238.1
Soft Loan Scheme For Services Sector (SLSSS)	26	53.9
Soft Loan Scheme For Services Capacity Development (SLSCD)	11	7.9
Soft Loan Scheme For Bumiputera Automotive Entrepreneurs (SLBAE)	12	42.8
Total	395	655.7

Source : MIDF

Soft Loan Scheme for Bumiputera Automotive Entrepreneurs (SLBAE) was implemented by MIDF in 2012 in the effort to facilitate and assist open Approved Permits (AP) holders to expand, broaden and diversify their business activities associated with the automotive business. This included manufacturing and services related to the automotive business and/or business activities other than the automotive sector.

As at end December 2014, MIDF has approved financing applications totalling RM3.5 billion for 3,220 companies, against a total allocation of RM1.7 billion received under its various Government scheme funds since the introduction of these schemes of which, RM1.6 billion was approved to 887 Bumiputera companies.

With assistance from MIDF, these SMEs have increased their capacity to produce and deliver high quality products and services, via adoption of modern technology machinery and improvement of cash flow position, which have enabled them to penetrate the global market.

Given the contribution of local SMEs to the nation's economy, these companies would require continuous assistance from the Government in order to remain competitive. This is especially true for new start-up companies. The role of MIDF, moving forward, would be to assist these local SMEs in providing them with the necessary financing under the various Government scheme funds.

MIDF will continue to be the strategic partner for MITI and its agencies in ensuring that the Government's objectives are achieved. MIDF aspires to be the leading financial provider for modernisation and automation activities for better SME asset management.

MIDF had collaborated with SME Corp Malaysia and Bursa Malaysia in organising an initial public offering (IPO) seminar for selected small and medium enterprises (SMEs) with growth prospects and listing potential.

Apart from gaining insights into the IPO process, the participants were also provided with an opportunity to directly engage with the Minister of International Trade and Industry, Dato' Sri Mustapa Mohamed in a dialogue session.

Minggu Saham Amanah Malaysia MSAM was initiated by Permodalan Nasional Berhad (PNB) in 2000, with the objective of educating the Malaysian public about risks & returns, investment, unit trusts and financial planning.

MIDF has participated in MSAM since 2000 and for 2014, the exhibition was held at the Rural Transformation Centre (RTC) in Kota Bharu, Kelantan from 20 - 27 April. MIDF was the major sponsor of the exhibition and since 2007, has provided free transportation services for visitors to attend the event.

One of the programmes organised by MIDF during MSAM was the Simposium Usahawan MIDF; an initiative to provide relevant exposure to entrepreneurs especially SMEs. The symposium featured successful entrepreneurs as speakers who shared their experiences in the competitive business world. The symposium also provided a platform for business networking among the entrepreneur participants.

A 'Turun Padang' programme was held in February 2014 with the presence of MITI's Deputy Minister, Datuk Ir. Hamim Samuri for an official visit to the factory premises of N.K. Rubber (M) Sdn Bhd in Johor Bahru, Johor. Accompanying the Deputy Minister was MIDF Group Managing Director, Datuk Mohd. Najib bin Hj. Abdullah.

The objective of the programme was to provide a platform for MITI and its agencies to engage with industry players as well as to have a better understanding of the industry. The company is a manufacturer of silicone and synthetic rubber products; catering to both the local and overseas markets.

MIDF also organised another 'Turun Padang' programme with MITI's Deputy Minister, Datuk Ir. Hamim Samuri to Azman Hamzah Plastik Sdn Bhd (AHP) and its sister company, Industrial Quality Management Sdn Bhd (IQM) in Shah Alam, Selangor. AHP specialises in the assembly of precision plastic injection moulding and components for the automotive industry while IQM designs, manufactures and assembles quality plastic and metal components for cars.

SME Outlook in 2015

In 2015, the global economy is expected to remain modest. The world's GDP growth has been revised downwards to 3.5 per cent by the International Monetary Fund in January 2015; 0.3 per cent lower than the earlier estimates published in October 2014. Advanced economies are projected to grow at 2.4 per cent in 2015 while emerging markets and developing economies are forcasted to grow at 4.3 per cent.

In addressing the economic challenges that lie ahead, MITI will work hand-in-hand with other government agencies and the private sector; to come up with a wide range of effective plans to further promote and accelerate Malaysia's exports from SMEs. In line with Malaysia's forecast GDP growth of 4.5 - 5.5 per cent in 2015, SME GDP is also expected to post a steady growth projection, especially after taking into consideration the revised SME definition which became effective on 1 January 2014.

DRIVING GROWTH -
A COMPETITIVE ECONOMY

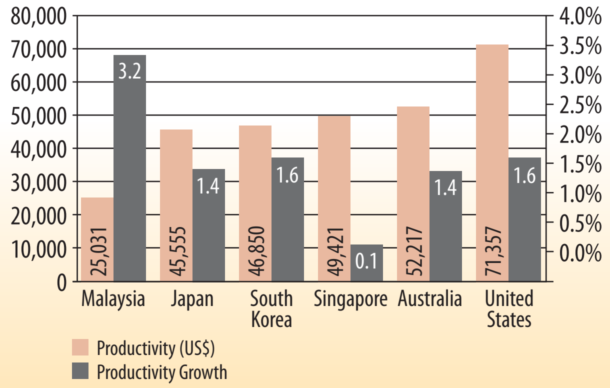
Driving Growth - A Competitive Economy

PRODUCTIVITY PERFORMANCE IN MANUFACTURING AND SERVICES

Malaysia's labour productivity grew 3.2 per cent in 2014, (2013: 0.9 per cent) raising the productivity per person employed to RM61,507 from RM59,622 in 2013. Total employment also increased by 2.8 per cent to 13.6 million workers (2013: 13.2 million workers). Both factors positively contributed to the 6.0 per cent expansion of Malaysia's Gross Domestic Product (GDP) to RM835,038 million in 2014.

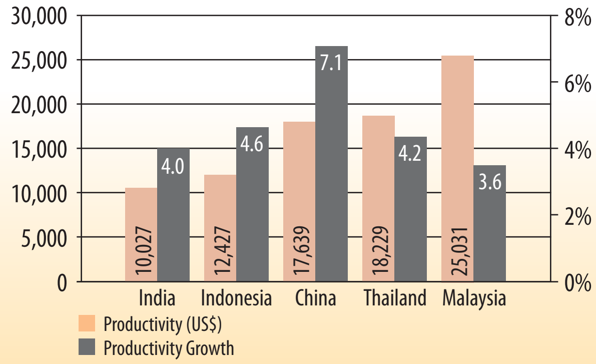
Malaysia's labour productivity growth exceeded that of selected advanced economies. In value terms, Malaysia's productivity of US$25,031 per person has placed it ahead of several selected emerging and developing countries.

Labour productivity: Malaysia and Selected Advance Economies, 2014



Source: The Conference Board; Total Economy Database
Note: Labour Productivity Per Person Employed in 1990 US$ (converted at Geary Khamis, PPPs)

Labour productivity: Malaysia and Selected Emerging and Developing Economies, 2014



Source: The Conference Board; Total Economy Database
Note: Labour Productivity Per Person Employed in 1990 US$ (converted at Geary Khamis, PPPs)

In view of the uncertainty in the global economic environment and the forecasts and estimates currently available, labour productivity in Malaysia is expected to grow by 3.0 per cent in 2015. This growth momentum is highly dependent on the continuous improvement in private domestic demand, external trade as well as efficiency and sustainability of the industry in a challenging world environment.

Labour productivity of the manufacturing sector in 2014 recorded a growth of 3.5 per cent (2013 : 4.1 per cent) to RM90,277 per person as compared with RM87,248 attained in 2013. The sector's continued growth was attributed to a gradual pick-up in global demand for export-oriented goods as well as strong domestic consumption and private investment in domestic-oriented industries. In 2015, the manufacturing sector is expected to experience a labour productivity growth of 5.0 per cent, with the main contributors to this growth coming from the electrical and electronics (E&E) industry, basic pharmaceuticals, and chemicals and chemical products industries.

The services sector registered a labour productivity growth of 1.9 per cent in 2014, with RM63,655 per person. The growth was mostly contributed by transport and storage (with 9.2 per cent growth) and the wholesale and retail sub-sector (with 5.2 per cent growth). In 2015, the services sector is expected to register an increase in labour productivity growth of 2.4 per cent, with growth improvements anticipated to be contributed mainly by real estate and business services, wholesale and retail trade and finance.

The manufacturing and services sectors are two of the main drivers of economic growth. The strengthening of these sectors will positively impact labour productivity. Improvements in the use of high technology, systematic management systems, innovations and enhancements in the quality of labour through the step-up in knowledge and application of new skills, will all elevate the labour productivity of the nation to a higher level.

Malaysia's Total Factor Productivity (TFP) grew by 1.2 per cent during the period 2011 - 2013, contributing 23.6 per cent to the country's GDP. The economic growth here in Malaysia is dominated more by capital than TFP, unlike in advanced economies where TFP is the main contributor. Total Factor Productivity is often seen as the real driver of growth within an economy. Studies have revealed that while labour and capital investments are important contributors to economic growth, TFP may account for up to 60 per cent of growth within economies. Technology growth and efficiency are the two biggest constituents of TFP growth.

Countries that applied the TFP-driven strategy have demonstrated their ability to sustain their economic growth in the long term. With that, initiatives need to be implemented to sustain productivity as the lead source of growth in order for Malaysia to spearhead and sustain the 6.0 per cent GDP growth during the 10th Malaysia Plan period.

To enhance TFP, Malaysia needs to increase the utilisation of its productive assets through improvements in technology and R&D. An increase in quality of its workforce by investing in human capital is also one of the strategies to enhance TFP, besides transforming and modernising the industry. Industries should be more innovative and creative, constantly searching and exploring new ideas as well as new markets.

GLOBAL COMPETITIVENESS RANKING – AMONG THE TOP

Malaysia has received global recognition and has maintained a favourable ranking throughout, for its consistent and continued improvements in the area of transparency and competitiveness. Malaysia continues to be ranked highly across various international competitiveness reports. This is an indication of the

Labour Productivity of Malaysia's Major Economic Sectors, 2014

Economic Activity	RM	Growth
Agriculture	34,665	3.95
Mining	778,766	6.52
Manufacturing	90,277	3.47
Construction	26,912	13.29
Services	63,655	1.86

Source: Malaysia Productivity Corporation resilience of the nation's economy despite external uncertainties. Strategic and pragmatic initiatives undertaken by the Government to ensure economic sustainability and global competitiveness, has also helped to reinforce Malaysia's economic resilience.

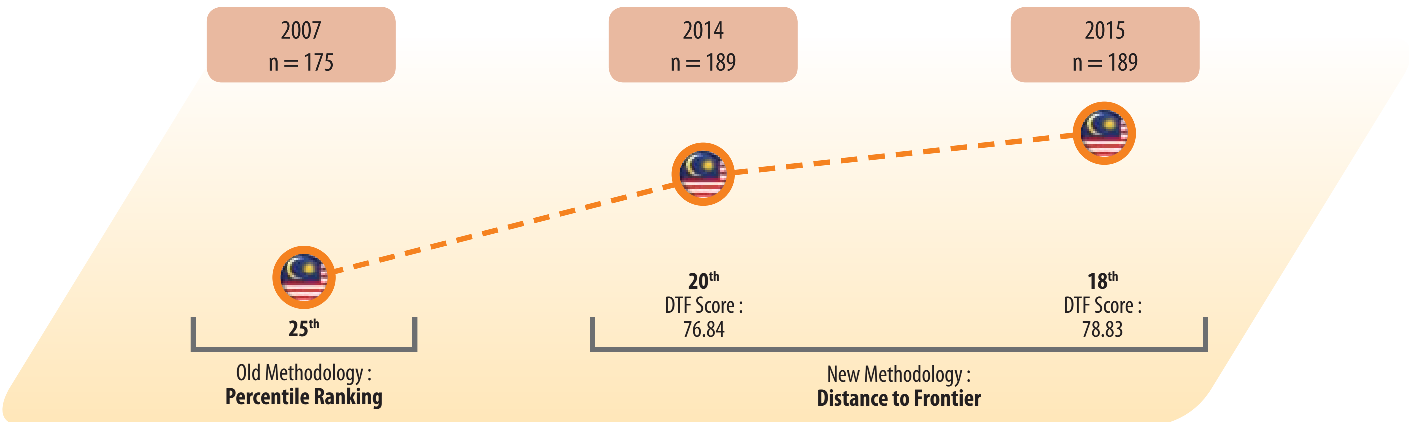
Malaysia was ranked amongst the top ten per cent of world economies in terms of ease of doing business. The report Doing Business 2015 released by World Bank, uses a new methodology based on the "Distance to Frontier" (DTF) score, rather than applying a simple percentile rank. Under the DTF framework, Malaysia was ranked 18th out of 189 economies; up two notches from the 20th position in Doing Business 2014 placement. The Doing Business report highlighted the fact that since 2005, Malaysia has improved its business regulatory framework through 17 reforms in the areas measured by the report; compared with the global average of 12 reforms per economy during the same period.

The Doing Business 2015 report ranked Malaysia fifth in Protecting Minority Investors, 11th in Trading Across Borders and 13th in Starting a Business; all of which are positive milestones for attracting foreign investments.

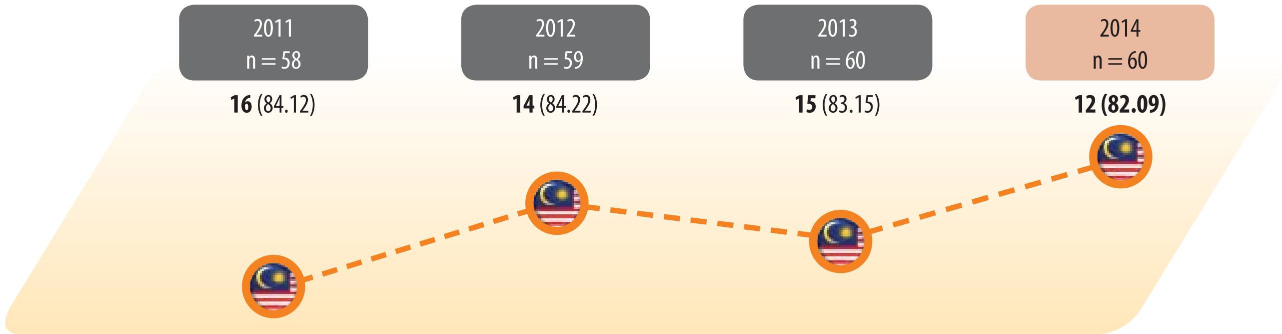
Overall in the Distance to Frontier (DTF) score, in the assessment over the ten areas of Doing Business, Malaysia achieved a positive change in regulatory performance of almost 2.0 per cent; moving steadily to 78.8 per cent from 76.8 per cent attained the year before. The greatest change in DTF was in the regulatory performance of Resolving Insolvency, where the nation moved 17.4 per cent closer to the 100.0 per cent Frontier by bringing the DTF to 65.6 per cent from 48.2 per cent the year before. Dealing with Construction Permits is another area where Malaysia moved forward by 2.9 percentage points from 79.6 per cent DTF in 2014 to 82.6 per cent in 2015. The Distance To Frontier score aids in assessing the absolute level of regulatory performance and how it improves over time. An economy's Distance to Frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the Frontier.

In another report by the Institute of Management Development (IMD), the World Competitiveness Yearbook (WCY) 2014, Malaysia was placed 12th out of 60 countries; ahead of Taiwan (13th), United Kingdom (16th), Australia (17th), Japan (21st), China (23rd), and Republic of Korea (26th). This ranking was made possible by the high scores of the two sub-factors which achieved top ten positioning – in Business Efficiency and for Economic Performance where Malaysia came out 5th and 9th, respectively. In two other sub-factors measured in the report, namely Government Efficiency, Malaysia was ranked 15th while for Infrastructure, the nation was placed at 25th position.

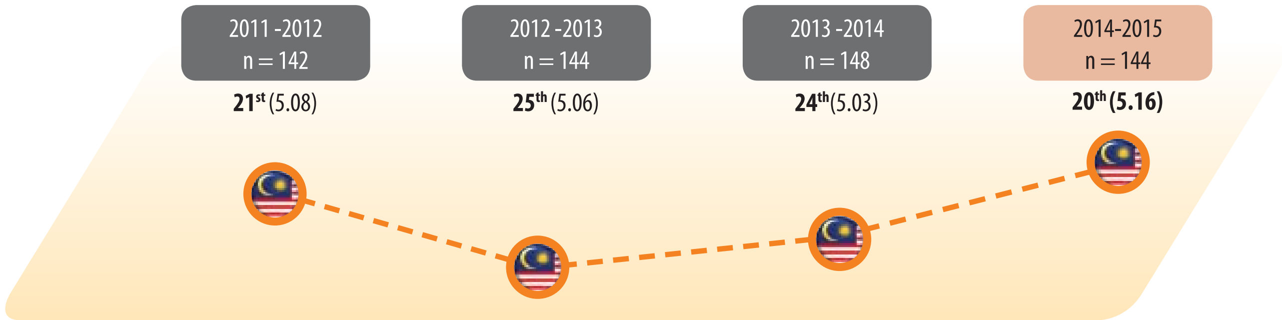
Malaysia was ranked among the top 20 most competitive economies in the Global Competitiveness Report (GCR) 2014-2015, released by the World Economic Forum (WEF). Malaysia moved up to 20th position out of 144 economies; compared to being placed 24th out of 148 countries in the previous year. This has been Malaysia's highest ranking achievement



Source: Doing Business 2015 by World Bank



Source: World Competitiveness Yearbook 2014 by Institute for Management Development



Source: Global Competitiveness Report by World Economic Forum, 2014-2015

since the current Global Competitiveness Index (GCI) was introduced in 2006.

The GCR framework consists of 12 pillars and during the assessment period of 2014-2015, Malaysia's biggest improvement was made in the Institutions Pillar (Pillar 1) where Malaysia advanced by nine positions to 20th, from being placed 29th in the previous year. In Burden of Government Regulation which is under the Institutions Pillar, Malaysia stood out as one of the few economies that had successfully dealt with corruption and bureaucratic red tape; resulting in an upward trajectory to fourth place from a ranking of eighth, the year before.

In the GCR report, Malaysia's outstanding performance in the Financial Market Development area received a fourth placing, and a seventh place for Goods Market Efficiency. Both of these commendably high rankings made a significantly positive impact on Malaysia's overall performance. Coupled with Business Sophistication at 15th position, Labour Market Efficiency at 19th position and Innovation at 21st position, Malaysia's overall business network is seen to be operating efficiently. It was further backed by an improving innovation ecosystem, with strong support from the Government.

In the WCY 2014, it was highlighted that improvements recorded at the sub-factors level which included Productivity & Efficiency, ranked at 21st (2013 : 22nd); Labour Market 3rd (2013 : 6th); and Management Practices second 2nd (2013 : 4th) had resulted in Malaysia being ranked among the top ten countries in the Business Efficiency factor.

Nevertheless, there is still room for improvement despite the achievements recorded. Several weaker areas need to be addressed in order for the country to reach the status of a high income economy, and climb further up the competitiveness ranking. Among the indicators highlighted that needed improvement in the GCR were Women in the Labour Force (119th); Redundancy Costs in weeks of salary (111th); Mobile Broadband Subscription (93rd); Business Impact of Tuberculosis (84th); Trade Tariffs (81st); International Internet Bandwidth (81st); Fixed Broadband Internet Subscriptions (69th) and Low Technological Readiness (60th).

Other areas that also required further emphasis to improve Malaysia's performance in the Government Efficiency's sub-factor included the Societal Framework (32nd); and Malaysia's Infrastructure, especially in the Scientific Infrastructure (28th), Health and Environment (36th) (2013 : 42nd); and Education (32nd) (2013 : 34th).

Heat Map of Malaysia's Competitiveness Reports

Evolution in Malaysia's Rank	WORLD COMPETITIVENESS YEARBOOK	ECONOMIC PERFORMANCE	DOMESTIC ECONOMY	INTERNATIONAL TRADE	INTERNATIONAL INVESMENT	EMPLOYMENT	PRICES	GOVERMENT EFFICIENCY	PUBLIC FINANCE	FISCAL POLICY	INSTITUTIONAL FRAMEWORK	BUSINESS LEGISLATION	SOCIETAL FRAMEWORK	BUSINESS EFFICIENCY	PRODUCTIVITY & EFFICIENCY	LABORMARKET	FINANCE	MANAGEMENT PRACTICES	ATTITUDES AND VALUES	INFRASTRUCTURE	BASIC INFRASTRUCTURE	TECHNOLOGICAL INFRASTRUCTURE	SCIENTIFIC INFRASTRUCTURE	HEALTH AND ENVIROMENT	EDUCATION
2014 (N=60)	12	9	19	11	7	12	3	15	20	11	13	19	32	5	21	3	12	2	4	25	13	5	28	36	32
2013 (N=60)	15	7	18	5	14	11	10	15	20	11	15	24	29	4	22	6	9	4	4	25	12	13	28	42	34

Source : World Competitiveness Yearbook 2014

Evolution in Malaysia's Rank	GLOBAL COMPETITIVENESS	BASIC REQUIREMENTS	1st PILLAR : INSTITUTIONS	2nd PILLAR : INFRASTRUCTURE	3rd PILLAR : MACROECONOMIC ENVIROMENT	4th PILLAR : HEALTH AND PRIMARY EDUCATION	EFFICIENCY ENHANCERS	5th PILLAR : HIGHER EUCATION AND TRAINING	6th PILLAR : GOODS MARKET EFFICIENCY	7th PILLAR : LABOR MARKET EFFICIENCY	8th PILLAR : FINANCIAL MARKET DEVELOPMENT	9th PILLAR : TECHNOLOGICAL READINESS	10th : MARKET SIZE	INNOVATION &SOPHISTICATION FACTOR	11th PILLAR : BUSINESS SOPHISTICATION	12th PILLAR : INNOVATION
2014 - 2015 (N=144)	20	23	20	25	44	33	24	46	7	19	4	60	26	17	15	21
2013 - 2014 (N=148)	24	27	29	29	38	33	25	46	10	25	6	51	26	23	20	25

Source : Global Competitiveness Report 2014-2015

Best Worst

INITIATIVES FOR HIGHER PRODUCTIVITY

Today's economic environment demands that companies change the way they do business. Businesses need to continuously search for new growth, strengthen their capabilities, acquire new skills, attempt unconventional solutions, and consider a change in mindset and overall attitude towards their work to be more competitive. Increased competitiveness can be attained through higher productivity; which may not require any additional physical inputs if companies are focused on efficiency through the maximisation and utilisation of available resources, constant innovation and better use of technology.

To help boost productivity of companies, Malaysia Productivity Corporation (MPC) has designed several programmes. These programmes require a great level of commitment from the industry players, and for them to agree to partner with MPC in this quest. These programmes have been very successful in improving productivity and enabling companies to be more competitive in the market.

To this effect, the Enterprise Intervention Innovation Programme (EIIP) has successfully assisted Malaysian entities toward greater productivity growth and in the process, inculcates a productivity culture among their employees. MPC has also introduced LEAN in the companies' operation, production and management system, through which it has helped eliminate non-value-added activities, waste, reduce delays and costs while improving quality at the same time. These programmes all have benefited not only the private sector, but also the public sector.

In understanding the importance of teamwork in improving the productivity of a company, MPC has introduced the Team Excellence programme. Through this programme, companies form teams in introducing best practices and product improvements at the national and international levels. Through such events, company employees are encouraged to become more innovative and to work as a team. In 2014, MPC has brought these teams to quality events such as the International Exposition on Team Excellence (IETE X); International Quality and Productivity Convention (IQPC); International Convention on Quality Control Circle (ICQCC); and the ASQ's Team Excellence Award ceremony. Leading teams that participated in the programmes were given due recognition and their achievements awarded accordingly.

Employee Productivity is another programme introduced by MPC which is focused on attaining a healthy work-life balance, positive workplace culture and conducive working environment. With these elements nurtured at the workplace, the organisations would be in a better position to generate productive employees.

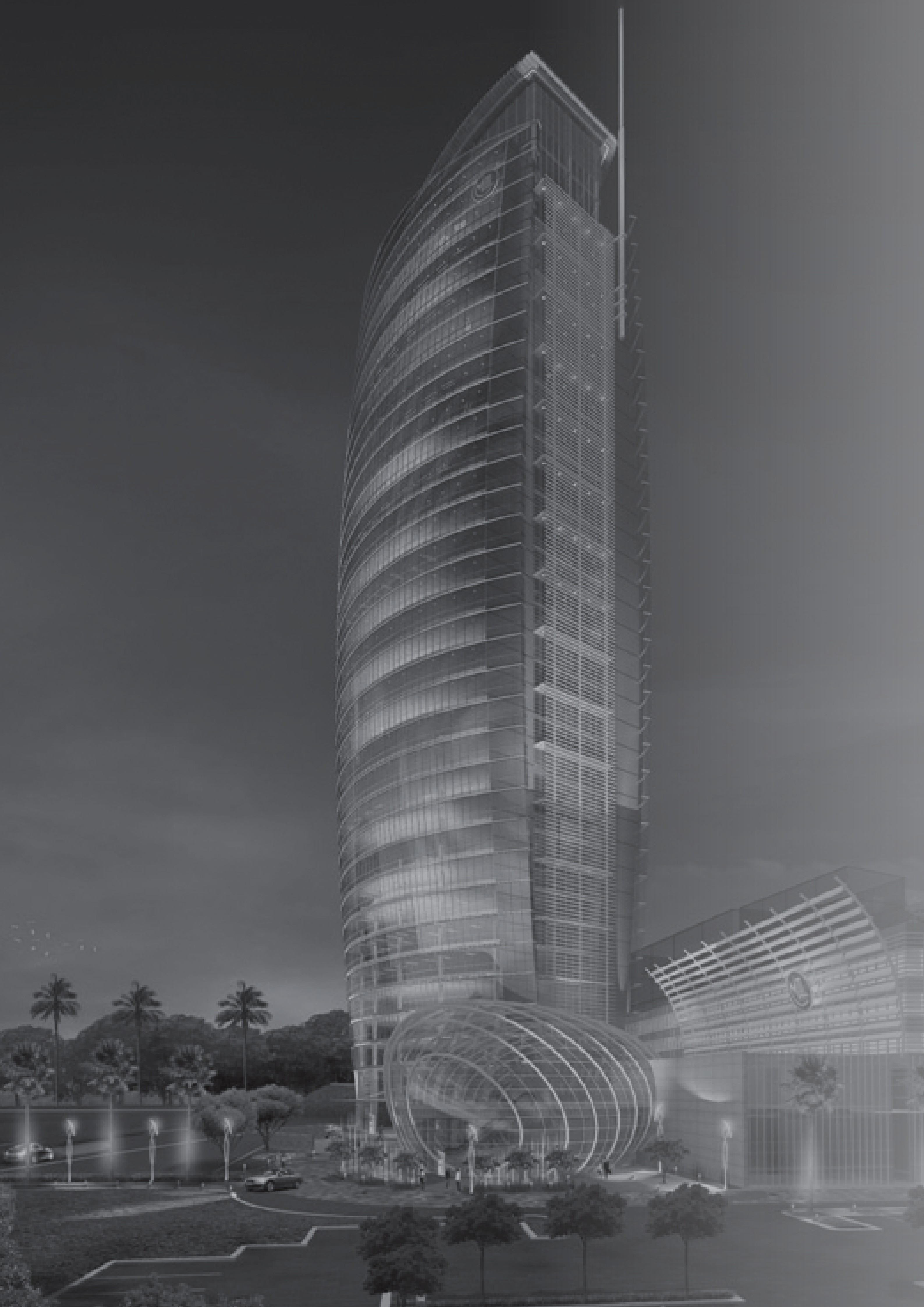
MPC has also assisted in building excellence in customer service through their Service Excellence programme. This programme assists companies in providing their customers with the 'WOW!' service experience. Customers are given priority in the business process or agenda of these companies in which building a culture of providing the ultimate customer experience is utmost.

Learning from others and benchmarking against best practices are among the strategies that companies can implement to enhance productivity. MPC has assisted companies in developing the Community of Practices (CoPs), where companies can compare and benchmark amongst themselves within the same industry or even across industries.

MPC has also introduced the Malaysia Business Excellence Framework (MBEF) which provides companies with the tool to strengthen their management systems and capabilities to achieve organisational sustainability and competitiveness. In adopting this approach, companies were able to improve their productivity as well as excel in areas such as leadership, planning, information, customer service, people management, and processes plus results.

In its effort to create a more conducive business environment that encourages competition and supports growth, MPC has in its capacity employed its mandate to assess both written regulations, and the administration and enforcement of regulations. The objective is to create an efficient, accessible, cost-effective mechanism, which is simple for businesses and industries to implement. The regulations are reviewed to eliminate unnecessary costs, reduce regulatory duplication and overlap, and enhance consistency. Following this, MPC had introduced 'The Guide to Reducing Unnecessary Regulatory Burdens (RURB): Core Concepts' which provides the underlying concepts used to identify regulations which are imposing unnecessary regulatory burdens on businesses. It also included information on the regulatory review process, and the rationale on why it was pertinent to replace all unnecessary and costly regulations. It also advocated the introduction of the Regulatory Impact Analysis (RIA) for all new legislations. This serves to ensure that the benefits of the proposed regulations would outweigh its costs. The RURB was also applied in the construction, logistics, healthcare, palm oil and downstream oil and gas industries.

In 2015, to accelerate productivity growth, MPC will continue to assist the private sector through its programmes and deepen the Government and private institutions partnership. Industries will be encouraged to appoint productivity champions to share best practices and take the lead on initiatives to push productivity further. MPC will also intensify its efforts in the macroeconomic environment, labour market efficiency and technological readiness; all areas that need the extra focus in order to strengthen our global competitiveness and move Malaysia closer to the goal of being a developed nation.



MANAGEMENT TEAM

Management Team

As at 31 December 2014

Dato' Sri Mustapa Mohamed
Minister

Datuk Ir. Hj. Hamim Samuri
Deputy Minister (Industry)

Dato' Lee Chee Leong
Deputy Minister (Trade)

Datuk Dr. Rebecca Fatima Sta Maria
Secretary General

Dato' Nik Rahmat Nik Taib
Deputy Secretary General (Industry)

Mohd Ridzal Sheriff
Deputy Secretary General (Trade)

Datuk Jayasiri Jayasena
Deputy Secretary General (Strategy and Monitoring)

Dato' Abdul Ghafar Musa
Senior Director
Entrepreneurship Development
(until June 2014)

Dato' Mohamed Shahabar Abdul Kareem
Senior Director
Multilateral Trade Policy and Negotiations

Dato' Abd Majid Kutiran
Senior Director
Entrepreneurship Development
(from June 2014)

Ravidran Palaniappan
Senior Director
ASEAN Economic Cooperation

Hiswani Harun
Senior Director
Sectoral Policy
(from June 2014)

Datuk Wong Seng Foo
Senior Director
Economic and Trade Relations

Dato' Vasudevan Natchimuthu
Senior Director
Asia Pacific Economic Cooperation (APEC)

Kamariah Yeop Abdullah
Senior Director
Trade and Industry Support

Nik Abu Bakar Nik Mohamed
Director
National Institute of Entrepreneurship (INSKEN), Entrepreneurship Development

Khoo Boo Seng
Senior Director
Strategic Planning

Tay Lee Looi
Senior Director
FTA Policy and Negotiations Coordination
(until November 2014)

Hanibah Ab. Wahab
Senior Director
Management Services

Harjit Kaur
Senior Director
FTA Policy and Negotiation Coordination
(from November 2014)

Wan Suraya Wan Mohd Radzi
Senior Director
Investment Policy and Trade Facilitation
(from November 2014)

Ho Siew Ching
Senior Director
Services Sector Development
(from June 2014)

Norzita Abu Samah
Legal Advisor

Head of Agencies

Dato' Hafsah Hashim
Chief Executive Officer
SME Corp. Malaysia

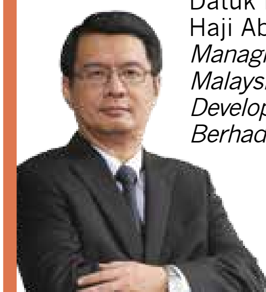
Dato' Noharuddin Nordin
Chief Executive Officer
Malaysian Investment Development Authority (MIDA)
(until February 2014)

Dato'Azman Mahmud
Chief Executive Officer
Malaysian Investment Development Authority (MIDA)
(from February 2014)

Datuk Dr. Wong Lai Sum
Chief Executive Officer
Malaysia External Trade Development Corporation (MATRADE)

Dato' Mohd Razali Hussain
Director General
Malaysia Productivity Corporation (MPC)

Mohamad Madani Sahari
Chief Executive Officer
Malaysia Automotive Institute (MAI)



Datuk Mohd. Najib Haji Abdullah
Managing Director
Malaysian Industrial Development Finance Berhad (MIDF)

Lee Khim Meng
Chief Executive Officer
Malaysia Steel Institute

Datuk Mohd Radzif Mohd. Yunus
Managing Director
SME Bank

Dato' Seri Jamil Bidin
Chief Executive Officer
Halal Industry Development Corporation (HDC)

NETWORK OF OFFICES

Network of Offices

Overseas

Mariam Md. Salleh
Geneva, Switzerland

Ong Chong Yi
Beijing, China

Hairil Yahri Yaacob
Washington, United States

Ezral Uzaimi →
(from August 2014)

← Fary Akmal Osman
(until August 2014)
Bangkok, Thailand

Arividya Arimuthu
Brussels, Belgium

Muhammad Zulhilmi Ahmad
Jakarta, Indonesia

Aida Shafinaz Allias
New Delhi, India

Syed Mohd Faizal Syed Mohd Dardin
Singapore

Regional

Azmir Musyabri Abdul Mutallib
Penang

Azran Deraman
Kelantan

Nazrul Izwan Ismail
Perak

Peter Brian M. Wang
Sabah

Aida Syukrena Mohd Idris
Johor

Abdul Aziz Mohamad Sharkawi
Sarawak

Rozieyanahayu Ab Rahman
Pahang

APPENDICES

Annual Trade, 2004 - 2014P

Period	Total Trade	Exports	Imports	Balance of Trade
	(RM billion)			
2004	880.9	481.3	399.6	81.6
2005	969.1	536.2	432.9	103.4
2006	1,067.4	589.2	478.2	111.1
2007	1,106.3	604.3	502.0	102.3
2008	1,182.8	663.0	519.8	143.2
2009	987.2	552.5	434.7	117.9
2010	1,167.7	638.8	528.8	110.0
2011	1,271.5	697.9	573.6	124.2
2012	1,309.3	702.6	606.7	96.0
2013	1,368.7	720.0	648.7	71.3
2014P	1,449.1	766.1	683.0	83.1

Source: Department of Statistics, Malaysia
Notes: 2013 and before are final data
P - Provisional data

Trade with the Association of Southeast Asian Nations (ASEAN), 2013-2014P

Country	Exports					Imports					Balance of Trade	
	2014P			2013		2014P			2013		2014P	2013
	RM billion	Share %	Change %	RM billion	Share %	RM billion	Share %	Change %	RM billion	Share %	RM billion	
Total Global	766.1	100.0	6.4	720.0	100.0	683.0	100.0	5.3	648.7	100.0	83.1	71.3
ASEAN	213.6	27.9	5.9	201.6	28.0	175.5	25.7	1.5	172.9	26.6	38.1	28.8
Singapore	108.8	14.2	8.6	100.3	13.9	85.7	12.5	6.8	80.3	12.4	23.2	20.0
Thailand	40.3	5.3	0.9	39.9	5.5	39.7	5.8	2.6	38.6	6.0	0.6	1.3
Indonesia	31.8	4.1	-4.1	33.1	4.6	27.7	4.1	-0.8	27.9	4.3	4.0	5.2
Viet Nam	14.3	1.9	7.6	13.3	1.9	15.3	2.2	-19.8	19.0	2.9	-0.9	-5.7
Philippines	12.1	1.6	29.0	9.3	1.3	5.2	0.8	8.8	4.7	0.7	6.9	4.6
Brunei Darussalam	2.8	0.4	8.6	2.6	0.4	0.8	0.1	-20.0	1.0	0.2	2.0	1.6
Myanmar	2.6	0.3	16.5	2.3	0.3	0.6	0.1	-12.4	0.6	0.1	2.1	1.6
Cambodia	0.8	0.1	7.1	0.7	0.1	0.6	0.1	-2.1	0.6	0.1	0.2	0.1
Lao PDR	0.1	0.0	12.9	0.1	0.0	0.0	0.0	4.6	0.0	0.0	0.1	0.1

Source: Department of Statistics, Malaysia
P - Provisional data

Top Ten Trade Partners in the European Union (EU), 2013-2014^{P}

Country	Exports					Imports					Balance of Trade	
	2014^{P}			2013		2014^{P}			2013		2014^{P}	2013
	RM billion	Share %	Change %	RM billion	Share %	RM billion	Share %	Change %	RM billion	Share %	RM billion	
Total Global	**766.1**	**100.0**	**6.4**	**720.0**	**100.0**	**683.0**	**100.0**	**5.3**	**648.7**	**100.0**	**83.1**	**71.3**
EU	**66.3**	**8.7**	**10.5**	**60.0**	**8.3**	**64.8**	**9.5**	**2.4**	**63.4**	**9.8**	**1.5**	**-3.4**
Netherlands	23.4	3.1	13.1	20.7	2.9	8.2	1.2	51.9	5.4	0.8	15.2	15.3
Germany	17.9	2.3	8.2	16.5	2.3	23.2	3.4	1.1	22.9	3.5	-5.3	-6.4
United Kingdom	7.9	1.0	15.7	6.9	1.0	7.1	1.0	-2.9	7.3	1.1	0.8	-0.5
France	5.2	0.7	-5.4	5.5	0.8	12.5	1.8	-7.4	13.5	2.1	-7.3	-8.0
Belgium	3.3	0.4	30.7	2.5	0.3	2.4	0.3	-24.9	3.1	0.5	0.9	-0.7
Italy	3.0	0.4	-7.9	3.2	0.4	5.8	0.9	-0.8	5.9	0.9	-2.9	-2.7
Spain	1.8	0.2	22.5	1.5	0.2	2.4	0.3	26.3	1.9	0.3	-0.6	-0.4
Poland	1.6	0.2	51.0	1.1	0.1	0.8	0.1	-13.0	0.9	0.1	0.8	0.2
Sweden	1.2	0.2	-12.2	1.3	0.2	2.0	0.3	0.3	1.9	0.3	-0.8	-0.6
Czech Republic	1.1	0.1	30.7	0.9	0.1	0.6	0.1	18.0	0.5	0.1	0.5	0.3

Source: Department of Statistics, Malaysia
P - Provisional data

Top Ten Trade Partners in the Asia-Pacific Economic Cooperation (APEC), 2013-2014^{P}

Country	Exports					Imports					Balance of Trade	
	2014^{P}			2013		2014^{P}			2013		2014^{P}	2013
	RM billion	Share %	Change %	RM billion	Share %	RM billion	Share %	Change %	RM billion	Share %	RM billion	
Total Global	**766.1**	**100.0**	**6.4**	**720.0**	**100.0**	**683.0**	**100.0**	**5.3**	**648.7**	**100.0**	**83.1**	**71.3**
APEC	**543.2**	**70.9**	**5.3**	**516.0**	**71.7**	**472.7**	**69.2**	**5.2**	**449.3**	**69.3**	**70.6**	**66.7**
Singapore	108.8	14.2	8.6	100.3	13.9	85.7	12.5	6.8	80.3	12.4	23.2	20.0
China	92.4	12.1	-4.8	97.0	13.5	115.5	16.9	8.7	106.3	16.4	-23.2	-9.2
Japan	82.7	10.8	4.4	79.2	11.0	54.8	8.0	-2.9	56.4	8.7	28.0	22.8
United States of America	64.4	8.4	11.0	58.1	8.1	52.3	7.7	3.3	50.7	7.8	12.1	7.4
Thailand	40.3	5.3	0.9	39.9	5.5	39.7	5.8	2.6	38.6	6.0	0.6	1.3
Hong Kong	37.0	4.8	18.5	31.3	4.3	10.8	1.6	2.7	10.5	1.6	26.3	20.8
Australia	33.0	4.3	12.8	29.2	4.1	20.2	3.0	22.7	16.5	2.5	12.7	12.7
Indonesia	31.8	4.1	-4.1	33.1	4.6	27.7	4.1	-0.8	27.9	4.3	4.0	5.2
Rep.Of Korea	28.1	3.7	7.1	26.2	3.6	31.7	4.6	3.4	30.7	4.7	-3.6	-4.5
Taiwan	24.9	3.2	14.3	21.7	3.0	34.4	5.0	9.0	31.5	4.9	-9.5	-9.8

Source: Department of Statistics, Malaysia
P - Provisional data

Trade with the North American Free Trade Agreement (NAFTA), 2013-2014^{P}

Country	Exports					Imports					Balance of Trade	
	2014^{P}			2013		2014^{P}			2013		2014^{P}	2013
	RM billion	Share %	Change %	RM billion	Share %	RM billion	Share %	Change %	RM billion	Share %	RM billion	
Total	766.1	100.0	6.4	720.0	100.0	683.0	100.0	5.3	648.7	100.0	83.1	71.3
NAFTA	72.3	9.4	11.8	64.7	9.0	56.7	8.3	3.4	54.9	8.5	15.5	9.8
United States Of America	64.4	8.4	11.0	58.1	8.1	52.3	7.7	3.3	50.7	7.8	12.1	7.4
Mexico	5.2	0.7	27.8	4.1	0.6	1.4	0.2	34.1	1.0	0.2	3.8	3.0
Canada	2.6	0.3	4.5	2.5	0.4	3.0	0.4	-4.5	3.2	0.5	-0.4	-0.6

Source: Department of Statistics, Malaysia
P - Provisional data

Trade with European Free Trade Agreement (EFTA), 2013-2014^{P}

Country	Exports					Imports					Balance of Trade	
	2014^{P}			2013		2014^{P}			2013		2014^{P}	2013
	RM billion	Share %	Change %	RM billion	Share %	RM billion	Share %	Change %	RM billion	Share %	RM billion	
Total	**766.1**	**100.0**	**6.4**	**720.0**	**100.0**	**683.0**	**100.0**	**5.3**	**648.7**	**100.0**	**83.1**	**71.3**
EFTA	**2.5**	**0.3**	**113.0**	**1.2**	**0.2**	**8.9**	**1.3**	**23.0**	**7.2**	**1.1**	**-6.4**	**-6.1**
Norway	1.5	0.2	368.5	0.3	0.0	1.5	0.2	18.1	1.2	0.2	0.1	-0.9
Switzerland	0.9	0.1	11.9	0.8	0.1	7.4	1.1	24.4	6.0	0.9	-6.5	-5.1
Iceland	0.0	0.0	-11.5	0.0	0.0	0.0	0.0	-82.3	0.0	0.0	0.0	0.0
Liechtenstein	0.0	0.0	4.8	0.0	0.0	0.0	0.0	-50.4	0.0	0.0	0.0	0.0

Source: Department of Statistics, Malaysia
P - Provisional data

Top Ten Trade Partners in the Organization of Islamic Cooperation (OIC), 2013-2014^P

Country	Exports					Imports					Balance of Trade	
	2014^P			2013		2014^P			2013		2014^P	2013
	RM billion	Share %	Change %	RM billion	Share %	RM billion	Share %	Change %	RM billion	Share %	RM billion	
Total	**766.1**	**100.0**	**6.4**	**720.0**	**100.0**	**683.0**	**100.0**	**5.3**	**648.7**	**100.0**	**83.1**	**71.3**
OIC	**78.7**	**10.3**	**-6.1**	**83.9**	**11.6**	**71.1**	**10.4**	**9.6**	**64.8**	**10.0**	**7.6**	**19.0**
Indonesia	31.8	4.1	-4.1	33.1	4.6	27.7	4.1	-0.8	27.9	4.3	4.0	5.2
United Arab Emirates	11.7	1.5	-7.3	12.7	1.8	15.6	2.3	3.3	15.1	2.3	-3.8	-2.4
Bangladesh	4.0	0.5	-19.7	5.0	0.7	0.4	0.1	31.6	0.3	0.0	3.6	4.7
Pakistan	4.0	0.5	-23.7	5.2	0.7	0.7	0.1	7.8	0.7	0.1	3.2	4.5
Saudi Arabia	3.8	0.5	12.5	3.4	0.5	9.3	1.4	48.7	6.2	1.0	-5.4	-2.8
Brunei Darussalam	2.8	0.4	8.6	2.6	0.4	0.8	0.1	-20.0	1.0	0.2	2.0	1.6
Turkey	2.5	0.3	-12.8	2.8	0.4	0.7	0.1	12.9	0.6	0.1	1.8	2.2
Egypt	2.4	0.3	-12.4	2.7	0.4	0.7	0.1	11.7	0.6	0.1	1.7	2.1
Iran	2.2	0.3	-30.5	3.1	0.4	0.2	0.0	45.5	0.1	0.0	2.0	3.0
Benin	1.6	0.2	0.2	1.6	0.2	0.0	0.0	-58.2	0.0	0.0	1.6	1.6

Source: Department of Statistics, Malaysia
P - Provisional data

Table 10: Top Ten Trade Partners in the Organization for Economic Co-operation and Development (OECD), 2013-2014^P

Country	Exports					Imports					Balance of Trade	
	2014^P			2013		2014^P			2013		2014^P	2013
	RM billion	Share %	Change %	RM billion	Share %	RM billion	Share %	Change %	RM billion	Share %	RM billion	
Total	**766.1**	**100.0**	**6.4**	**720.0**	**100.0**	**683.0**	**100.0**	**5.3**	**648.7**	**100.0**	**83.1**	**71.3**
OECD	**298.5**	**39.0**	**9.5**	**272.5**	**37.8**	**247.0**	**36.2**	**3.1**	**239.6**	**36.9**	**51.5**	**32.9**
Japan	82.7	10.8	4.4	79.2	11.0	54.8	8.0	-2.9	56.4	8.7	28.0	22.8
United States Of America	64.4	8.4	11.0	58.1	8.1	52.3	7.7	3.3	50.7	7.8	12.1	7.4
Australia	33.0	4.3	12.8	29.2	4.1	20.2	3.0	22.7	16.5	2.5	12.7	12.7
Rep. Of Korea	28.1	3.7	7.1	26.2	3.6	31.7	4.6	3.4	30.7	4.7	-3.6	-4.5
Netherlands	23.4	3.1	13.1	20.7	2.9	8.2	1.2	51.9	5.4	0.8	15.2	15.3
Germany	17.9	2.3	8.2	16.5	2.3	23.2	3.4	1.1	22.9	3.5	-5.3	-6.4
United Kingdom	7.9	1.0	15.7	6.9	1.0	7.1	1.0	-2.9	7.3	1.1	0.8	-0.5
New Zealand	5.2	0.7	20.3	4.4	0.6	2.9	0.4	6.4	2.7	0.4	2.3	1.6
Mexico	5.2	0.7	27.8	4.1	0.6	1.4	0.2	34.1	1.0	0.2	3.8	3.0
France	5.2	0.7	-5.4	5.5	0.8	12.5	1.8	-7.4	13.5	2.1	-7.3	-8.0

Source: Department of Statistics, Malaysia
P - Provisional data

Major Exports of Manufactured Goods to Top Five Destinations, 2013-2014^P

Products	Country	2014^P		2013	
		RM billion	Share %	RM billion	Share %
TOTAL		**766.1**	**100.0**	**720.0**	**100.0**
Manufactured goods		587.3	76.7	548.1	76.1
Electrical and Electronic Products	**Total**	**256.2**	**33.4**	**237.0**	**32.9**
	China	43.1	5.6	40.3	5.6
	Singapore	36.5	4.8	35.6	4.9
	United States Of America	36.4	4.8	32.8	4.6
	Hong Kong	30.3	4.0	25.0	3.5
	Japan	16.9	2.2	15.8	2.2
Petroleum Products	**Total**	**70.4**	**9.2**	**68.4**	**9.5**
	Singapore	29.4	3.8	27.7	3.9
	Indonesia	11.4	1.5	12.9	1.8
	China	6.6	0.9	5.9	0.8
	Australia	3.4	0.4	1.8	0.3
	Rep. Of Korea	2.2	0.3	2.0	0.3
Chemicals & Chemical Products	**Total**	**51.5**	**6.7**	**47.5**	**6.6**
	China	9.6	1.2	10.5	1.5
	Indonesia	5.5	0.7	5.1	0.7
	Singapore	4.2	0.6	3.7	0.5
	Thailand	4.0	0.5	4.2	0.6
	India	3.4	0.4	2.8	0.4
Machinery, appliances & parts	**Total**	**30.0**	**3.9**	**27.1**	**3.8**
	Singapore	5.7	0.7	5.0	0.7
	Indonesia	2.8	0.4	2.9	0.4
	Thailand	2.3	0.3	2.3	0.3
	China	2.1	0.3	2.0	0.3
	United States Of America	2.0	0.3	1.6	0.2
Manufactures of Metal	**Total**	**26.5**	**3.5**	**28.2**	**3.9**
	Singapore	4.4	0.6	4.4	0.6
	China	3.3	0.4	7.1	1.0
	India	2.5	0.3	1.3	0.2
	Thailand	1.8	0.2	1.8	0.2
	Japan	1.7	0.2	1.3	0.2
Optical & Scientific Equipment	**Total**	**23.6**	**3.1**	**20.8**	**2.9**
	America	3.7	0.5	3.2	0.4
	Singapore	3.4	0.4	2.8	0.4
	Japan	2.4	0.3	2.3	0.3
	Thailand	2.1	0.3	2.2	0.3
	Netherlands	1.9	0.2	1.7	0.2
Rubber Products	**Total**	**18.0**	**2.3**	**18.9**	**2.6**
	United States Of America	4.1	0.5	3.9	0.5
	China	3.7	0.5	5.2	0.7
	Germany	1.0	0.1	1.0	0.1
	Japan	0.8	0.1	0.8	0.1
	United Kingdom	0.6	0.1	0.6	0.1
Processed Food	**Total**	**16.6**	**2.2**	**14.2**	**2.0**
	Singapore	2.2	0.3	2.0	0.3
	Indonesia	1.3	0.2	1.4	0.2
	Australia	1.2	0.2	0.9	0.1
	China	1.2	0.2	1.1	0.2
	Thailand	0.9	0.1	0.8	0.1
Wood Products	**Total**	**14.7**	**1.9**	**14.2**	**2.0**
	Japan	3.6	0.5	3.6	0.5
	United States Of America	2.3	0.3	2.2	0.3
	Singapore	0.8	0.1	0.7	0.1
	Australia	0.7	0.1	0.7	0.1
	Rep. Of Korea	0.7	0.1	0.7	0.1
Textiles, Clothings & Footwear	**Total**	**12.1**	**1.6**	**10.7**	**1.5**
	United States Of America	2.2	0.3	2.0	0.3
	Japan	0.9	0.1	0.8	0.1
	Australia	0.7	0.1	0.3	0.0
	Singapore	0.7	0.1	0.6	0.1
	Turkey	0.7	0.1	0.7	0.1

Source: Department of Statistics, Malaysia
P - Provisional data

Major Imports of Manufactured Goods to Top Five Destinations, 2013-2014^{P}

Products	Country	2014^{P}		2013	
		RM billion	Share %	RM billion	Share %
TOTAL		**683.0**	**100.0**	**648.7**	**100.0**
Manufactured goods		589.7	86.3	559.8	86.3
Electrical and Electronic Products	**Total**	**190.8**	**27.9**	**179.6**	**27.7**
	China	48.0	7.0	46.4	7.2
	United States Of America	22.9	3.3	20.4	3.1
	Singapore	19.8	2.9	17.5	2.7
	Taiwan	18.7	2.7	16.4	2.5
	Japan	15.4	2.3	15.4	2.4
Petroleum Products	**Total**	**80.0**	**11.7**	**73.7**	**11.4**
	Singapore	38.9	5.7	37.0	5.7
	Rep. Of Korea	6.7	1.0	5.5	0.8
	United Arab Emirates	4.9	0.7	3.7	0.6
	Indonesia	3.8	0.6	2.9	0.4
	Taiwan	3.7	0.5	3.7	0.6
Chemicals & Chemical Products	**Total**	**62.1**	**9.1**	**55.9**	**8.6**
	China	8.7	1.3	7.6	1.2
	Singapore	8.3	1.2	7.3	1.1
	United States Of America	4.7	0.7	4.5	0.7
	Japan	4.6	0.7	4.4	0.7
	Indonesia	3.9	0.6	3.4	0.5
Machinery, appliances & parts	**Total**	**57.1**	**8.4**	**54.6**	**8.4**
	China	12.8	1.9	13.0	2.0
	Japan	7.8	1.1	7.5	1.2
	United States Of America	5.6	0.8	5.5	0.8
	Germany	5.3	0.8	4.4	0.7
	Thailand	4.3	0.6	3.9	0.6
Manufactures of Metal	**Total**	**41.7**	**6.1**	**40.7**	**6.3**
	China	10.6	1.6	9.5	1.5
	Australia	7.5	1.1	6.0	0.9
	Japan	4.8	0.7	5.5	0.9
	Singapore	2.1	0.3	2.2	0.3
	Korea	2.0	0.3	2.6	0.4
Transport Equipment	**Total**	**37.8**	**5.5**	**42.1**	**6.5**
	France	7.8	1.1	8.5	1.3
	Japan	6.4	0.9	7.5	1.2
	Thailand	5.9	0.9	6.1	0.9
	United States Of America	5.3	0.8	6.8	1.0
	Germany	3.1	0.5	3.3	0.5
Iron & Steel Products	**Total**	**25.3**	**3.7**	**26.1**	**4.0**
	China	6.7	1.0	5.1	0.8
	Japan	6.0	0.9	6.0	0.9
	Rep. Of Korea	3.0	0.4	3.4	0.5
	Taiwan	2.4	0.3	2.3	0.3
	United States Of America	0.9	0.1	1.2	0.2
Optical & Scientific Equipment	**Total**	**21.0**	**3.1**	**17.7**	**2.7**
	China	4.7	0.7	3.4	0.5
	United States Of America	3.2	0.5	2.9	0.5
	Singapore	2.7	0.4	2.2	0.3
	Japan	2.1	0.3	1.8	0.3
	Germany	1.4	0.2	1.1	0.2
Processed Food	**Total**	**17.0**	**2.5**	**15.6**	**2.4**
	Thailand	2.1	0.3	1.6	0.2
	New Zealand	2.0	0.3	1.8	0.3
	Brazil	1.9	0.3	2.1	0.3
	United States Of America	1.5	0.2	1.5	0.2
	Indonesia	1.5	0.2	1.1	0.2
Textiles, Clothings & Footwear	**Total**	**9.4**	**1.4**	**8.6**	**1.3**
	China	3.4	0.5	3.3	0.5
	Indonesia	0.8	0.1	0.7	0.1
	Viet Nam	0.8	0.1	0.6	0.1
	Taiwan	0.5	0.1	0.6	0.1
	Thailand	0.4	0.1	0.4	0.1

Source: Department of Statistics, Malaysia
P - Provisional data

Top Ten Trade Partners in Africa, 2013-2014^P

Country	Exports					Imports					Balance of Trade	
	2014^P			2013		2014^P			2013		2014^P	2013
	RM billion	Share %	Change %	RM billion	Share %	RM billion	Share %	Change %	RM billion	Share %	RM billion	
Total	**766.1**	**100.0**	**6.4**	**720.0**	**100.0**	**683.0**	**100.0**	**5.3**	**648.7**	**100.0**	**83.1**	**71.3**
AFRICA	**19.5**	**2.5**	**11.2**	**17.5**	**2.4**	**9.9**	**1.4**	**9.4**	**9.0**	**1.4**	**9.6**	**8.5**
South Africa	2.7	0.4	0.6	2.7	0.4	2.3	0.3	-12.9	2.7	0.4	0.4	0.0
Kenya	2.4	0.3	175.0	0.9	0.1	0.0	0.0	9.5	0.0	0.0	2.4	0.9
Egypt	2.4	0.3	-12.4	2.7	0.4	0.7	0.1	11.7	0.6	0.1	1.7	2.1
Angola	1.9	0.3	30.3	1.5	0.2	0.0	0.0	-96.0	0.2	0.0	1.9	1.3
Benin	1.6	0.2	0.2	1.6	0.2	0.0	0.0	-58.2	0.0	0.0	1.6	1.6
Nigeria	1.3	0.2	4.0	1.2	0.2	0.9	0.1	-4.9	1.0	0.1	0.4	0.3
Tanzania	1.1	0.1	60.1	0.7	0.1	0.2	0.0	138.6	0.1	0.0	0.9	0.6
Mozambique	0.6	0.1	251.8	0.2	0.0	0.0	0.0	-16.4	0.0	0.0	0.6	0.1
Togo	0.6	0.1	-46.4	1.1	0.1	0.0	0.0	27,815.8	0.0	0.0	0.6	1.1
Algeria	0.5	0.1	5.2	0.5	0.1	1.0	0.1	233.3	0.3	0.0	-0.5	0.2

Source: Department of Statistics, Malaysia
P - Provisional data

Manufacturing Projects Approved with Foreign Participation by Top Ten Countries, 2013-2014

Country	2013				2014			
	Number	Employment	Investment (RM)	Investment (USD)	Number	Employment	Investment (RM)	Investment (USD)
Japan	55	7,589	3,591,876,939	1,095,084,433	55	6,708	10,869,920,159	3,105,691,474
Singapore	126	16,198	4,522,314,186	1,378,754,325	121	16,417	7,821,658,762	2,234,759,646
China	22	3,660	3,017,650,478	920,015,390	24	5,534	4,751,711,821	1,357,631,949
Germany	17	2,421	1,716,996,438	523,474,524	13	1,756	4,416,824,011	1,261,949,717
Korea,Rep.	13	2,040	5,478,840,221	1,670,378,116	11	3,072	1,549,014,689	442,575,625
USA	19	7,812	6,320,610,568	1,927,015,417	23	2,897	1,350,097,675	385,742,193
Ireland	.	.	.	.	2	1,092	1,143,009,553	326,574,158
Italy	6	229	36,239,764	11,048,709	1	428	1,060,800,000	303,085,714
Netherlands	11	1,038	2,382,021,449	726,226,052	11	3,565	816,442,476	233,269,279
India	1	75	9,600,000	2,926,829	13	835	789,259,135	225,502,610
United Arab Emirates	2	306	110,713,221	33,754,031	3	417	767,343,000	219,240,857

Source: Department of Statistics, Malaysia
Authority

Country	2013				2014			
	Number	Employment	Investment (RM)	Investment (USD)	Number	Employment	Investment (RM)	Investment (USD)
Taiwan	18	1,610	131,020,413	39,945,248	30	2,900	692,086,158	197,738,902
South Africa	1	30	940,000	286,585	1	186	681,130,800	194,608,800
Switzerland	10	837	249,554,662	76,083,738	12	634	565,143,330	161,469,523
United Kingdom	9	1,577	489,792,906	149,327,105	8	379	393,140,938	112,325,982
Thailand	3	72	105,017,761	32,017,610	3	114	361,206,605	103,201,887
British Virgin Islands	2	176	159,765,548	48,709,009	6	258	295,325,333	84,378,667
Others	34	8,372	638,014,529	194,516,625	30	2,858	263,389,882	75,254,252
Australia	9	448	166,974,062	50,906,726	10	583	213,010,160	60,860,046
Spain	.	.	.	.	2	111	208,150,000	59,471,429
Austria	1	713	155,394,000	47,376,220	2	1,180	157,824,000	45,092,571
France	4	87	13,212,495	4,028,200	7	432	113,835,828	32,524,522
Indonesia	6	466	214,326,611	65,343,479	6	356	72,901,498	20,828,999
Hong Kong	9	1,235	453,483,541	138,257,177	5	783	70,438,560	20,125,303
Cayman Islands	2	139	68,635,050	20,925,320	2	339	44,600,000	12,742,857
Denmark	.	.	.	.	2	431	35,930,000	10,265,714
Norway	.	.	.	.	1	93	26,997,300	7,713,514
Colombia	.	.	.	.	1	114	18,763,012	5,360,861
Pakistan	2	130	4,082,150	1,244,558	3	144	14,993,340	4,283,811
Finland	1	15	3,820,000	1,164,634	1	9	13,742,613	3,926,461
Afghanistan	1	92	1,344,000	409,756	1	74	6,558,000	1,873,714
Iran	1	195	71,700,000	21,859,756	1	20	3,623,000	1,035,143
Turkey	.	.	.	.	1	19	1,550,000	442,857
Cook Islands	.	.	.	.	1	13	1,041,235	297,496
Philippines	1	11	20,952	6,388	1	34	579,300	165,514
Saudi Arabia	.	.	.	.	1	24	550,000	157,143
Panama	.	.	.	.	1	26	119,280	34,080
Bahamas	.	.	.	.	.	.	.	.
Belgium	8	102	299,000,000	91,158,537	.	.	.	.
Brunei	.	.	.	.	.	.	.	.
Canada	2	88	7,605,480	2,318,744	.	.	.	.
New Zealand	.	.	.	.	.	.	.	.
Sri Lanka	1	41	3,762,000	1,146,951	.	.	.	.

Country	2013				2014			
	Number	Employment	Investment (RM)	Investment (USD)	Number	Employment	Investment (RM)	Investment (USD)
Sweden	2	196	19,422,800	5,921,585	.	.	.	.
Bermuda	.	.	.	.	.	.	.	.
Cyprus	.	.	.	.	.	.	.	.
Egypt	1	105	2,450,000	746,951	.	.	.	.
Iraq	.	.	.	.	.	.	.	.
Jordan	.	.	.	.	.	.	.	.
Luxembourg	.	.	.	.	.	.	.	.
Mauritius	1	27	6,362,378	1,939,749	.	.	.	.
Macau	.	.	.	.	.	.	.	.
Oman, Rep	1	33	20,950,000	6,387,195	.	.	.	.
Syria	1	21	31,600,000	9,634,146	.	.	.	.
Viet Nam	.	.	.	.	.	.	.	.
Albania	.	.	.	.	.	.	.	.
Bangladesh	.	.	.	.	.	.	.	.
Belarus	1	41	660,000	201,220	.	.	.	.
Brazil	.	.	.	.	.	.	.	.
Kenya	.	.	.	.	.	.	.	.
Lebanon	.	.	.	.	.	.	.	.
Liechtenstein	.	.	.	.	.	.	.	.
Myanmar	.	.	.	.	.	.	.	.
Nigeria	.	.	.	.	.	.	.	.
Peru	.	.	.	.	.	.	.	.
Portugal	.	.	.	.	.	.	.	.
Qatar	.	.	.	.	.	.	.	.
Russian Federation	.	.	.	.	.	.	.	.
Samoa	1	10	14,000,000	4,268,293	.	.	.	.
Seychelles	1	28	16,577,700	5,054,177	.	.	.	.
Slovakia	.	.	.	.	.	.	.	.
Tunisia	.	.	.	.	.	.	.	.
Ukraine	.	.	.	.	.	.	.	.
Vanuatu	.	.	.	.	.	.	.	.
British Indian Ocean Terr.	.	.	.	.	.	.	.	.
Total	***	***	30,536,352,302	9,309,863,507	***	***	39,592,711,453	11,312,203,272

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