

SPEECH

1ST INDO ASEAN OCEANIC BUSINESS SUMMIT & EXPO

**YB DATUK LIM BAN HONG
DEPUTY MINISTER
MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY**

VIRTUAL CONFERENCE, 4 AUGUST 2020

Your Excellency Mr. Hardeep Singh Puri,

Minister of State (Independent Charge) of Housing and Urban Affairs;
Minister of State (Independent Charge) of Civil Aviation; and Minister of
State for Commerce and Industry, Government of India,

Your Excellency Mr. Seang Thay,

Secretary of State, Ministry of Commerce,
Royal Government of Cambodia,

Your Excellency Mr. Faiyaz Siddiq Koya,

Minister for Commerce, Trade, Tourism and Transport,
Republic of Fiji,

Your Excellency Mr. U Aung Htoo,

Deputy Minister, Ministry of Commerce,
Republic of the Union of Myanmar,

Your Excellency Mr. Ceferino S. Rodolfo,

Undersecretary – Industry Development and Trade
Policy Group (IDTPG), Department of Trade and Industry,
The Philippines,

Mr. Chandrajit Banerjee,
Director General,
Confederation of Indian Industry (CII),

Excellencies, Distinguished Guests,
Ladies and Gentlemen.

Opening Remarks

1. In the words of Julius Ceaser “*Lend me your ears*”. I am both honoured and delighted to be the Guest of Honour for this inaugural event. I was informed that the Confederation of Indian Industry (CII) had exerted a lot of efforts in materialising this Business Summit and Expo, which involves ASEAN and Oceanic countries.
2. It is delightful to see that all of us here who are long trading partners and friends congregate virtually at this event, which I believe will help foster and flourish our trade relations as well as to share views on our respective countries and its potential.
3. Our event today also takes on a greater significance as we meet virtually during a time of crisis. In responding to the COVID-19 pandemic, efforts across the globe have been focused on two fronts. FIRST, to safeguard human lives and minimise fatalities; and SECOND, to ensure that the livelihoods of our people are protected.

Malaysia's Trade Relation with ASEAN, India and Oceania

4. Please allow me to provide some perspective on Malaysia's trade.

ASEAN-India and Malaysia-India

5. In 2019, the volume of trade between ASEAN and India amounted to USD 77.05 billion. Whereas the trade between Malaysia and India amounted to USD 14.92 billion. India remains an important trading partner for Malaysia among the South Asian countries. India was the largest trading partner, export destination and import sources for Malaysia covering Palm oil & palm oil-based agriculture; Petroleum products; Manufactures of Metal; Electrical & electronic products; Chemicals & Chemical Products; and Other agricultures including meat of bovine animals, onions, leeks and garlic.
6. In terms of investment, India is one of Malaysia's major sources of foreign investments. As of 2019, 262 approved investments in the manufacturing sector added up to USD 2.77 billion and were expected to create about 27,000 employments. Among the Indian companies that have invested in Malaysia include:
- (i) Recron Sdn. Bhd. (textile);
 - (ii) Biocon Sdn. Bhd. (Pharmaceutical);
 - (iii) RP Chemicals Sdn Bhd (Chemical and Chemical Products);
 - (iv) JG Containers (M) Sdn. Bhd. (Non-metallic products); and
 - (v) Ranbaxy (Malaysia) Sdn. Bhd. (Industrial Chemicals and Chemical products).

Malaysia-Australia

7. In 2019, Malaysia's total trade with Australia amounted to USD 12.48 billion.

Malaysia-New Zealand

8. In 2019, the total trade between Malaysia and New Zealand amounted to USD 1.91 billion.

Malaysia-Papua New Guinea

9. Malaysia's total trade with Papua New Guinea (PNG) in 2019 amounted to USD 510.4 million.

Malaysia-Fiji

10. Meanwhile, Malaysia's total trade with Fiji for 2019 amounted to USD 62.1 million.

Malaysia in ASEAN

11. Now let me turn to Malaysia's trade with ASEAN. The ASEAN region has a population of more than 650 million people. ASEAN as a group, have a combined GDP of approximately USD 3 trillion and total trade value of USD 2.8 trillion in 2019.

(Source: ASEANStats Data Portal as of 28 July 2020)

12. Australia, India and New Zealand have traditionally been ASEAN's important dialogue partners. Over the years, the continuous cooperation between ASEAN and these countries has expanded beyond political to include security, trade, tourism, education and culture, which eventually contributed to the socio-economic growth in ASEAN.
13. Based on preliminary ASEAN data for 2019, trade between ASEAN, Australia, India and New Zealand reached USD 150.47 billion, accounting for 5.3% of ASEAN's total trade. Total FDI inflows from Australia, India and New Zealand amounted to USD 4.6 billion, accounting for 2.6% of total FDI inflows to ASEAN.

(Source: ASEANStats Data Portal as of 28 July 2020)

14. Nevertheless, Malaysia does not want to be complacent with the results that we have achieved thus far. We want to work closer and enhance our economic integration not only between ASEAN, Australia, India and New Zealand, but also with the other Oceanic countries such as Fiji, with the view to expand and support a conducive environment for trade and investment that is mutually beneficial to all.

COVID-19 Pandemic

Excellencies, Ladies and Gentlemen,

15. As we all know, we are living and trading in the time of the COVID-19 outbreak. No one is spared from the ravaging effects of this pandemic. The COVID-19 pandemic has adversely impacted the well-being of the people and global socio-economic growth, that has brought disruptions on the economy and trade, such as travel and tourism, manufacturing,

retail and other services sectors, as well as the supply chains and the financial markets. It is a major wakeup call for all of us to rethink and reshape our global supply chain model, to foster greater economic resilience and sustainability in the long-run.

16. For Malaysia, we have introduced a number of measures to bolster the recovery of our economy, minimise unemployment, protect incomes and secure the economic sustainability of the nation.
17. While battling to flatten the curve on COVID-19 infections through various comprehensive measures, several economic stimulus packages were also implemented to reinvigorate the economy and to mitigate the impact of the COVID-19 on our economy and societal well-being.
18. Among the measures implemented by Malaysia is the *National Economic Recovery Plan* (PENJANA). It is an inclusive and holistic approach to Malaysia's economic recovery, that focuses on 3 key thrusts - Empower People, Propel Businesses and Stimulate the Economy.
19. To attract foreign companies to relocate their business into Malaysia by addressing the risk of re-shoring, several tax incentives for company relocating into Malaysia include:
 - (i) 0% tax rate for 10 years for new investment in manufacturing sectors with capital investment between RM300 - RM500 million;
 - (ii) 0% tax rate for 15 years for new investment in manufacturing sectors with capital investment above RM500 million;

- (iii) Special Reinvestment Allowance for manufacturing and selected agriculture activity, from YA 2020 to YA 2022;
 - (iv) Establishment of Project Acceleration & Coordination Unit (PACU) at MIDA, which will help to assist the implementation of investment projects that have been approved at both the Federal and State levels; and
 - (v) Manufacturing License approval within 2 working days.
20. Malaysia as part of ASEAN, has developed the *Hanoi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to the COVID-19 Pandemic*, which was endorsed by the ASEAN Leaders at the recent 36th ASEAN Summit held on 26 June 2020 via virtual meeting.
21. Having the *Hanoi Plan of Action* in this difficult period of time is indeed an evidence of ASEAN's concerted effort, centrality and determination in identifying and addressing trade disruptions, with ramifications, on the flow of essential goods, including food, medicines, and medical and other essential supplies in the region. It is hope that this initiative will further strengthen the resilience of supply chain connectivity in this region in the future.

Potential Areas

Excellencies, Ladies and Gentlemen,

22. I would like to **propose potential areas of cooperation** as follows:

(i) **First, on digital economy and e-Commerce:**

- It is important to capitalise on these emerging new norms for doing business. Countries across these regions varies in size and level of economic development. Nevertheless, they are robust and vibrant economies, with huge potentials and opportunities, waiting to be explored and seized.

- Hence, one of the biggest challenges, among others are competitiveness, sustainability, connectivity and the cost of doing business, not only domestically but also intra-region. We need to come together to find an effective, doable and sustainable solution. In October 2019, the Report of Google, Temasek, Bain & Company on “e-Conomy Southeast East Asia” indicated that the internet economy of Southeast Asia is forecast to triple its current size, to reach USD300 billion by 2025. This is mostly driven by a growing base of the e-commerce market, on-line media and on-line travel. Hence, digitalisation and e-commerce are becoming more important and proven as enabling tools for our micro, small and medium enterprises (MSMEs) to access markets that were once out of their reach.

- Through this whole diversity, coupled with a strong appetency for technology and innovation, together, we can explore to create digital and e-commerce platforms to facilitate cross-border economic activities which have been stunted during this challenging time of COVID-19 pandemic, where travel bans, and restrictions are imposed by almost all countries around the world.

Excellencies, Ladies and Gentlemen,

(ii) **For the second area, I would like to propose food including Halal industry, agriculture-based industry and essential goods especially on biotechnology and pharmaceuticals:**

- During the outbreak of the pandemic COVID-19, one of the aspects that countries have focused on is to ensure free flow of essential goods and to address the disruption of the global supply chain.
- We need to minimise the negative impact of this. This has been focused in so many multilateral platforms globally. We have to work together to minimise the disruption of the global supply chain and access to essential goods. On Halal, there is much potential for this sector as the market is growing.

(iii) **The third area of cooperation that I would like to propose is the adoption of new technologies**

- The adoption of new technologies, including the Fourth Industrial Revolution will allow our businesses, especially the MSMEs, to operate and remain competitive in the regional and global markets in the face of global uncertainties.
- The more experienced and developed economies should facilitate and provide assistance to developing countries to overcome these challenges through capacity building, economic and technical assistance, as well as creating economic resilience for all.

(iv) **For the fourth and last area of cooperation that I would like to propose is to give emphasis on resilience and sustainable development**

- The outbreak of COVID-19 pandemic has shown us the importance of sustainable and resilience development. As such, we would like to propose enhancing cooperation on clean and sustainable energy through exchange of information, sharing of experience and capacity building activities to meet the Sustainable Development Goals (SDGs).

Role of the Private Sector

Excellencies, Ladies and Gentlemen,

23. I would like to underscore and underline the importance of the role of the private sector. While the Government sets out the policies, it is the shared responsibility of the private sector to support and realise them and as significant partners in sustaining trade and development as well as strengthening intra-regional supply chains, instil investment confidence both domestic and abroad, and promote business opportunities within these regions.

24. It is therefore important to strengthen our engagement with the private sector and to have beneficial collaborations that would help flourish and sustain our economies. It is my sincere hope that all the participants here, both government and private sector, will take away with you, insights and ideas stemming from this event to bring us all closer together in creating a dynamic and robust economic region that would

bring mutual benefits to all of us.

25. Ultimately, we need to create a global supply chain within this region that could weather through future challenges and uncertainties in the global trade.
26. Malaysia would welcome investors and businesses alike to come and visit Malaysia and subsequently choose us as a preferred investment and business destination. The Ministry of International Trade and Industry (MITI) Malaysia as well as its agencies such as MIDA and MATRADE has global presence, particularly in South East Asia, India and Australia. I invite you to visit our representatives for assistance, facilitation and further information on Malaysia.
27. To conclude, I would like to take this opportunity to sincerely thank the Confederation of Indian Industry (CII) for this initiative, as an effort to forge stronger economic partnerships within our regions. During this difficult and challenging time that the countries across the globe are facing, we must be ready to acclimatise ourselves for the new global landscape – the *new normal*.

With that, *terima kasih* and stay safe.