drivingtransformationpoweringgrowth

MITIReport2012

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foreword

drivingtransformationpoweringgrowth

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

Malaysia's economy grew 5.6 per cent in 2012, even as the global economic recovery remained slow. The manufacturing sector grew by 4.8 per cent while the services sector grew by 6.4 per cent.

> MITI's performance during this period has been commendable, and the hard work of the Ministry's staff has been crucial to the success of our efforts and initiatives.

We maintained a trade volume of RM1.3 trillion in 2012. In spite of headwinds from abroad, exports reached a new high of RM702.2 billion and imports increased to RM607.4 billion. The country also attracted RM162.4 billion in direct investments in 2012, more than in any other year.

As a whole, our achievements in trade and investment stood out against the backdrop of an uncertain world economy. We made strong progress in developing industries for new and emerging technologies, while enhancing the country's appeal as a global and regional hub for manufacturing and services.

Commitment to transformation

MITI's performance during this period has been commendable, and the hard work of the Ministry's staff has been crucial to the success of our efforts and initiatives. In 2012, we strengthened our trade ties with important markets worldwide and signed a landmark free trade agreement with Australia. To boost national competitiveness, we attracted investments in targeted sectors that would help Malaysia shift to high value-added, knowledge-intensive, and innovation-based industries. To help small and medium entrepreneurs reach their full potential, we proposed High Impact Programmes that would remove obstacles to registration and licensing, promote innovative ideas, provide support to and assist companies in becoming export-ready. Above all, we remained committed to the strategic direction of the Economic Transformation Programme (ETP), espousing the values of hard work, innovation and creativity.

> MITI will continue to spearhead efforts to further integrate Malaysia's products and services into the global value chain.

Moving up the value chain

As we move ahead in a challenging world economy, we must do more to leverage on our nation's strategic advantages. A progressive and democratic government, a strong rule of law, a well-managed economy, sound infrastructure, an educated and productive workforce, and a business-friendly political climate will serve us well in our goal to become one of the ten most competitive nations in the world.

MITI will continue to spearhead efforts to further integrate Malaysia's products and services into the global value chain. Our initiatives will encourage greater entrepreneurship, innovation and productivity at all levels of the economy. To deliver MITI's messaging more effectively, we will increase engagement with the public through all media channels, including the social media. We will also focus on developing industries connected to the National Key Economic Areas (NKEAs). On the international stage, we will work to ensure fair trade and increased engagement with our trading partners and trade groupings.

To bring Malaysia closer towards its goal of becoming a high-income nation, we must facilitate economic relationships between all parties, public as well as private, domestic as well as foreign. As we advance towards this goal, I am confident that we have the strategy, willpower, creativity and innovation required to see us through.

managementprofile

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49 Dato' Seri Jamil Bidin - *Chief Executive Officer*
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50 Datuk Mohd Radzif Mohd Yunus - *Managing Director*
SME Bank

51 Mohamad Madani Sahari - *Chief Executive Director*
Malaysia Automotive Institute (MAI)

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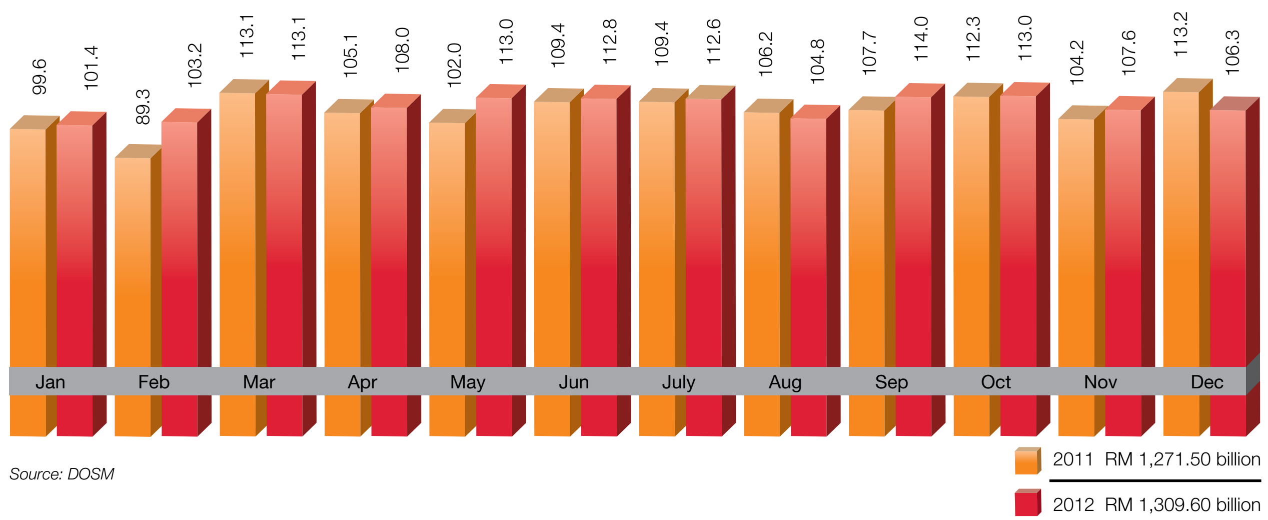
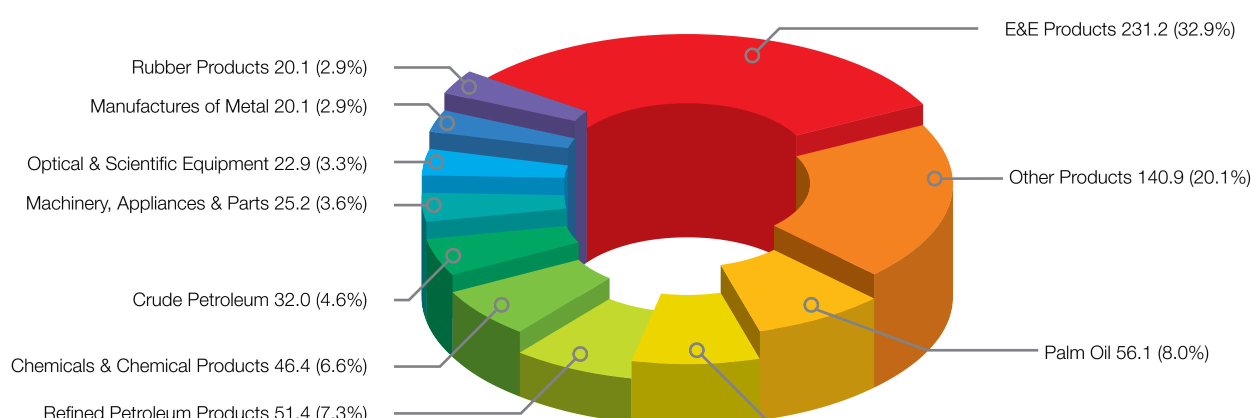
Chart 1: Total Trade, 2011-2012
(RM Billion)



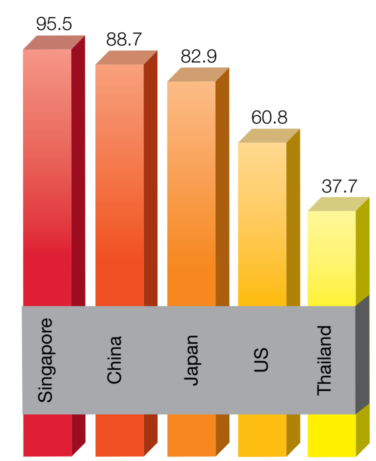
Source: DOSM

Chart 2: Top 10 Exports by Product, 2012
(RM Billion)



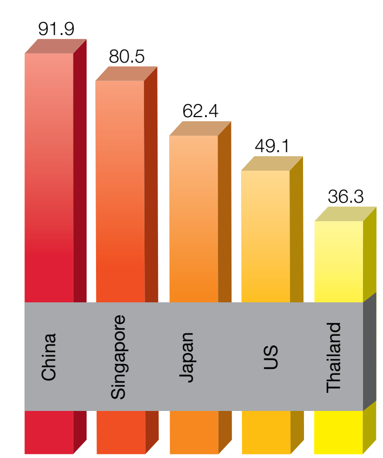
Source: DOSM

Chart 3: Top Five Export Destinations, 2012
(RM Billion)



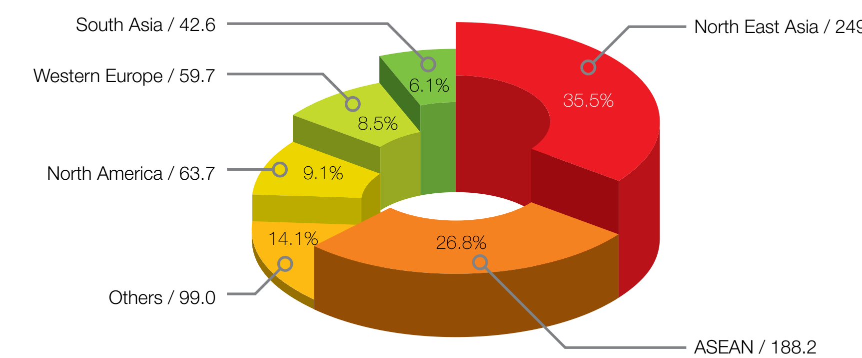
Source: DOSM

Chart 4: Top Five Import Sources, 2012
(RM Billion)



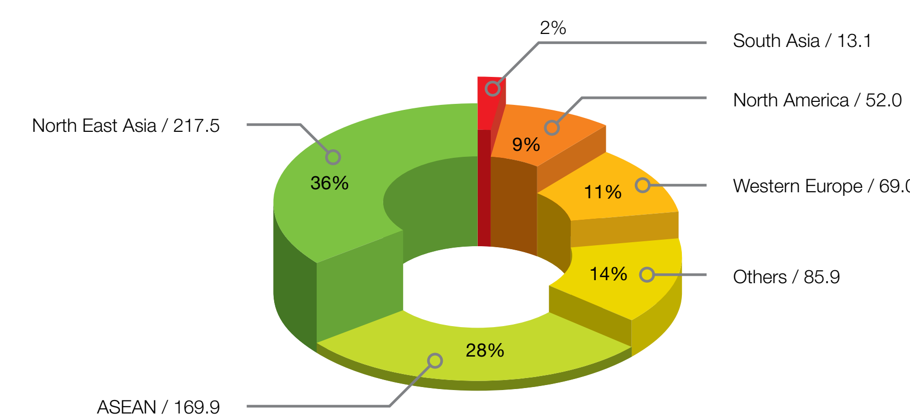
Source: DOSM

Chart 5: Exports by Region, 2012
(RM Billion)



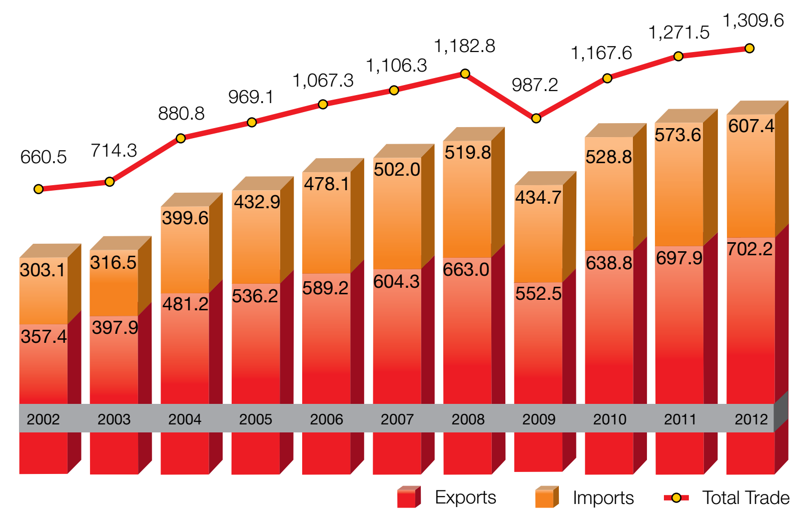
Source: DOSM

Chart 6: Imports by Region, 2012
(RM Billion)



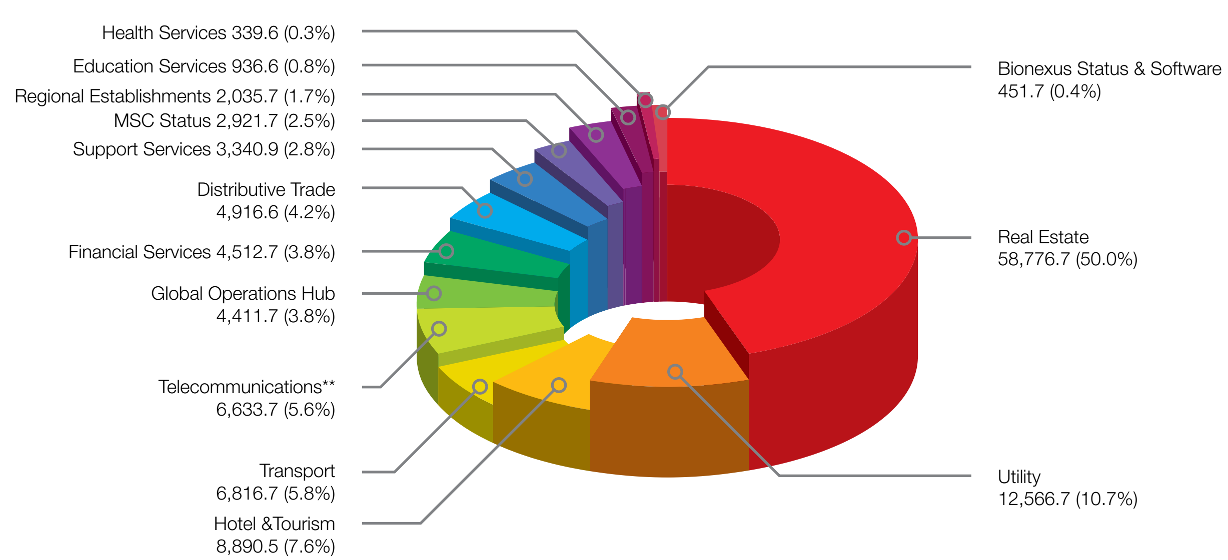
Source: DOSM

Chart 7: Performance of Malaysia's Trade, 2002-2012
(RM Billion)



Source: DOSM

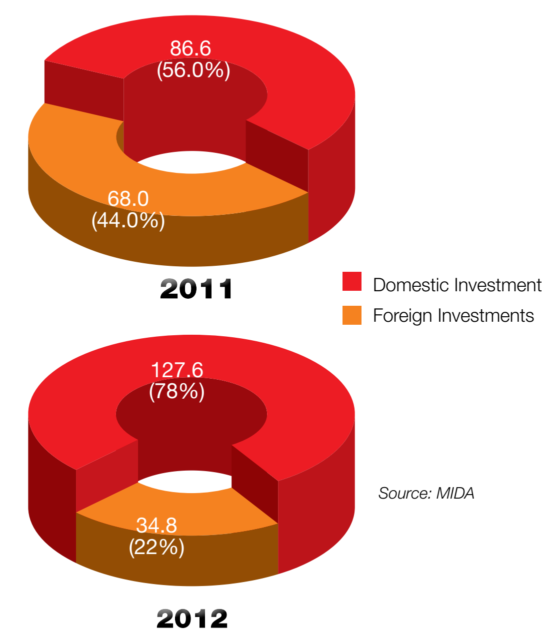
Chart 8: Investment into Malaysia's Services Sector, 2012
(RM Million)



*Note ** : Data up to January-September 2012*

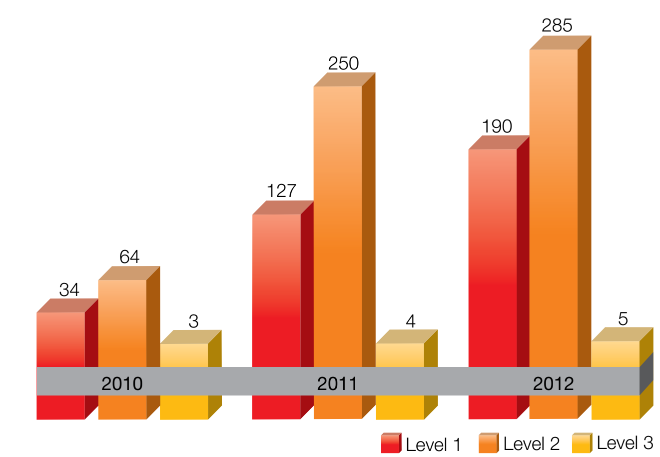
Source: MIDA

Chart 9: Domestic and Foreign Investment in Approved Projects, 2011 & 2012
(RM Billion)



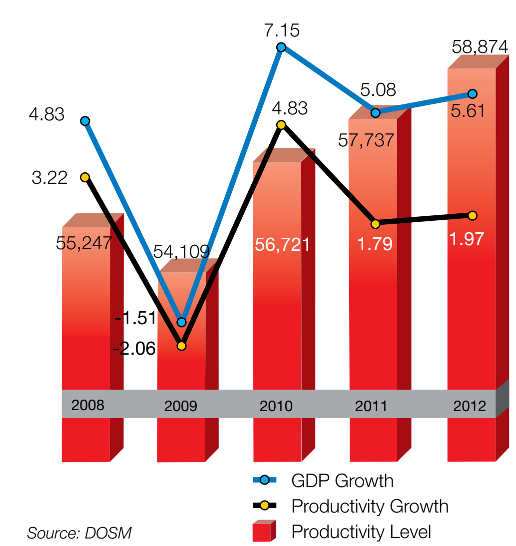
Source: MIDA

Chart 11: Micro Enterprise Competitiveness Rating for Enhancement (M-CORE), 2010-2012
(No. of SMEs)



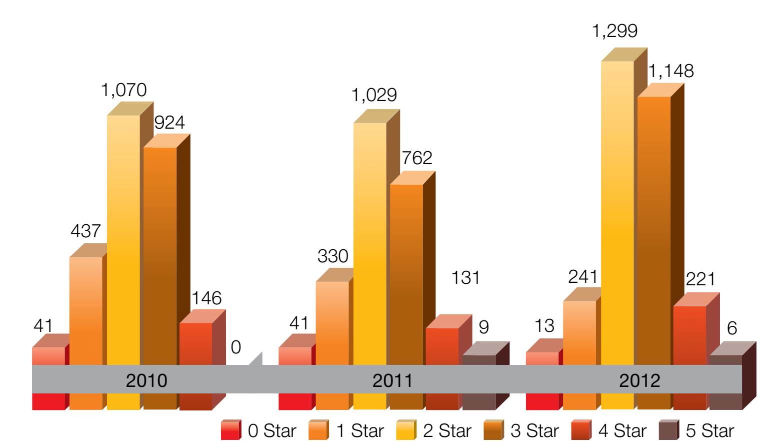
Source: SME Corp. Malaysia

Chart 10: Malaysia's Productivity Level (RM) and Growth (%), 2008-2012



Source: DOSM

Chart 12: SME Competitive Rating for Enhancement (SCORE) Programme Results, 2010-2012
(No. of SMEs)



Source: SME Corp.Malaysia

a steady
growth trajectory

asteadygrowthtrajectory

The Malaysian economy exceeded expectations in 2012.

Building on the strong growth momentum in 2011, the domestic economy performed better than expected in 2012, expanding by 5.6 per cent. This performance was in stark contrast to the economic scenario in 2009, when the positive impetus from domestic demand could not overcome weak external demand.

Domestic demand grew by 10.6 per cent, driving the country's strong economic growth in 2012. Malaysia benefitted from a combination of factors: healthy economic fundamentals, a more balanced and diversified economic structure, pragmatic and flexible policies, and a well-developed financial system. The domestic segment of the economy compensated for the shortfall in exports, which grew by a mere 0.6 per cent, the result of the anaemic economic growth from major trading partners, especially in developed countries.

Private investment was the key growth catalyst in 2012, rising 21.9 per cent. The share of private investment to gross domestic product (GDP) reached 15.5 per cent, the highest since 1998. Robust growth from this segment was due to capital spending in the consumer-related sector, investment activities in the domestic-oriented manufacturing sector, implementation of major infrastructure projects and capital spending in the services sector.

Public investment complemented private investment, growing 17.1 per cent in 2012. This followed high capital expenditure by public enterprises to support on-going and new infrastructure projects, including those under the Economic Transformation Programme (ETP).

Private consumption continued to expand at a favourable pace of 7.7 per cent in 2012. The main contributing factors to this expansion were a healthy labour market, favourable income, low inflation, governmental assistance to low- and middle-income households, supportive financing conditions and improved consumer confidence. Meanwhile, public consumption grew at a moderate pace of 5.1 per cent amid continued fiscal consolidation efforts in 2012.

World Economic Forum 2012

On the supply side of the economy, all the major economic sub-sectors expanded positively in 2012. The construction sector, taking advantage of the strong expansion in investment activity, grew by 18.1 per cent, the highest for this sector since 1995. The manufacturing sector benefitted from both domestic-oriented and export-oriented industries, and grew by a total of 4.8 per cent. Meanwhile, the services sector rose by 6.4 per cent, enjoying across-the-board growth in all sub-sectors. In the resource-based sectors, agriculture grew by 1.0 per cent while mining went up by 1.4 per cent.

Headline inflation remained benign at 1.6 per cent in 2012. The modest gain in inflation was due to the slower increase in the prices of food, which in turn was the result of modest external price pressures as well as significant improvement in domestic food supplies. Price increases for the non-alcoholic beverages and transport categories were moderate. Core inflation, an indicator of demand-driven price pressures, moderated to 2.2 per cent in 2012.

The stronger economic growth in 2012 had positive impact on the labour market. The unemployment rate remained at a healthy level of 3.0 per cent, with gains in employment coming from the services and agriculture sectors in particular. However, total retrenchments increased by 35.2 per cent to 7,616, due mainly to higher layoffs in the manufacturing sector.

The fiscal deficit consolidated further to 4.5 per cent of GDP in 2012. Although total expenditure rose by 10.2 per cent, the higher revenue collection of 12.1 per cent reduced the budget deficit. Higher revenue collection amid stable corporate earnings, coupled with resilient economic growth and on-going tax enhancement measures, are believed to have reduced the budget deficit.

The external sector remained resilient despite headwinds from both advanced and regional economies. The lower growth in exports of 0.6 per cent in 2012 was due to weaker demand for crude commodities, electrical and electronic (E&E) products as well as non-E&E products. Nevertheless, the exports of services improved slightly, mainly on account of higher receipts from the provision of computer and information communications technology (ICT) services as well as business and professional services.

Imports grew at a healthy pace of 5.9 per cent in 2012. This increase was driven by the strong growth in the imports of capital goods due to on-going domestic activities such as oil & gas, manufacturing, services and investments. However, imports of intermediate goods contracted due to weaker growth in manufactured exports as well as E&E. As living standards continue to rise, the demand for imported consumption goods is expected to remain strong.

The slower growth in exports lowered the current account of the balance of payment surplus to RM57.3 billion, or 6.6 per cent of the gross national income (GNI). Despite the drop in the current account surplus, it remains adequate to meet the net outflows in the financial account. External reserves are at comfortable levels, adequate to finance 9.5 months of retained imports and 4.2 times of short-term external debts as at 31 December 2012.

Economic growth at a steady pace in 2013

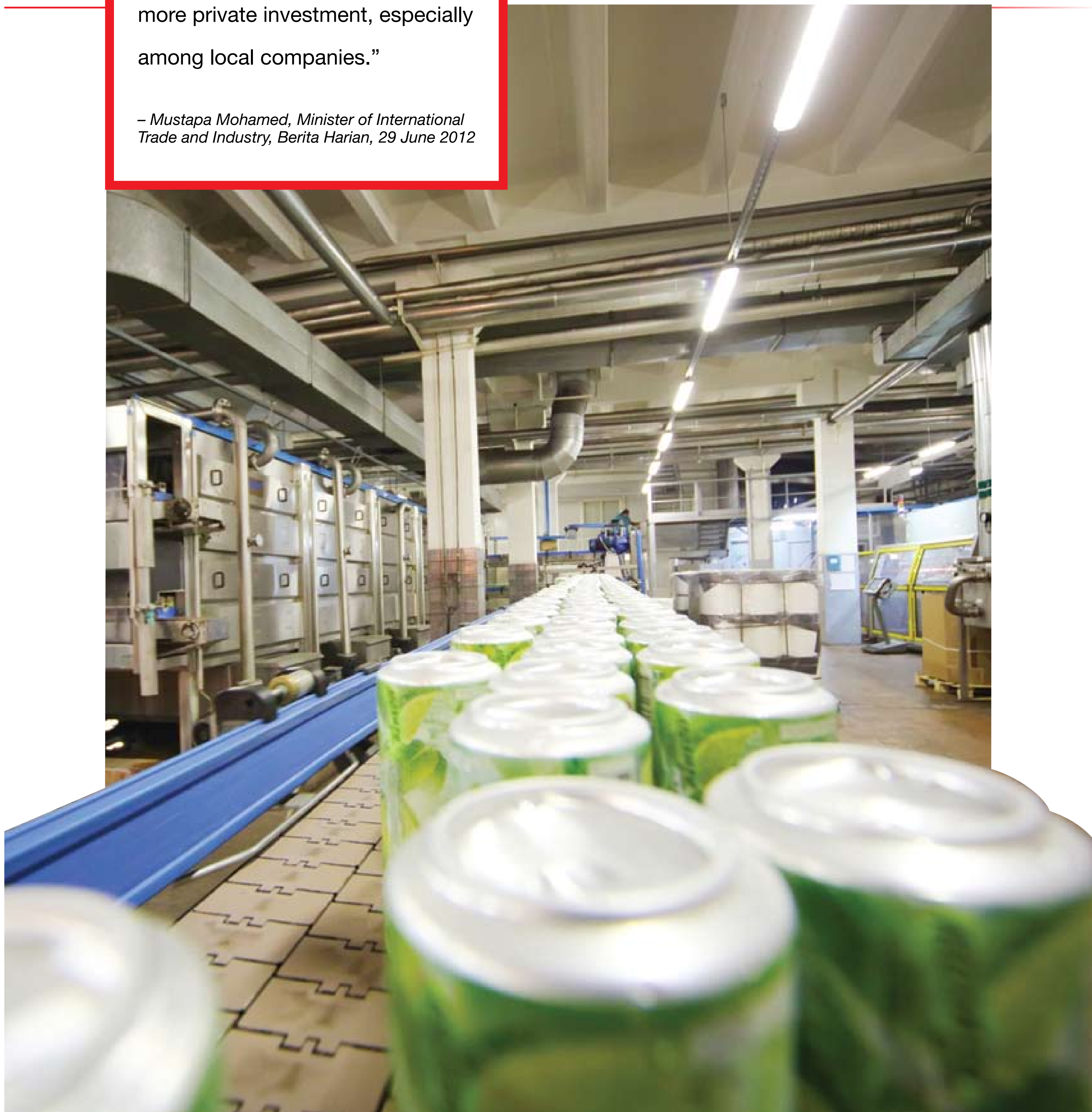
The domestic economy is expected to maintain a steady pace of growth in 2013. The economy should expand 5.0-6.0 per cent, with growth continuing to come from the resilient domestic demand, supported by a modest improvement in exports. Domestic demand is expected to grow around 8.0-8.5 per cent in 2013, while exports are poised to expand in the range of 1.4-2.9 per cent.

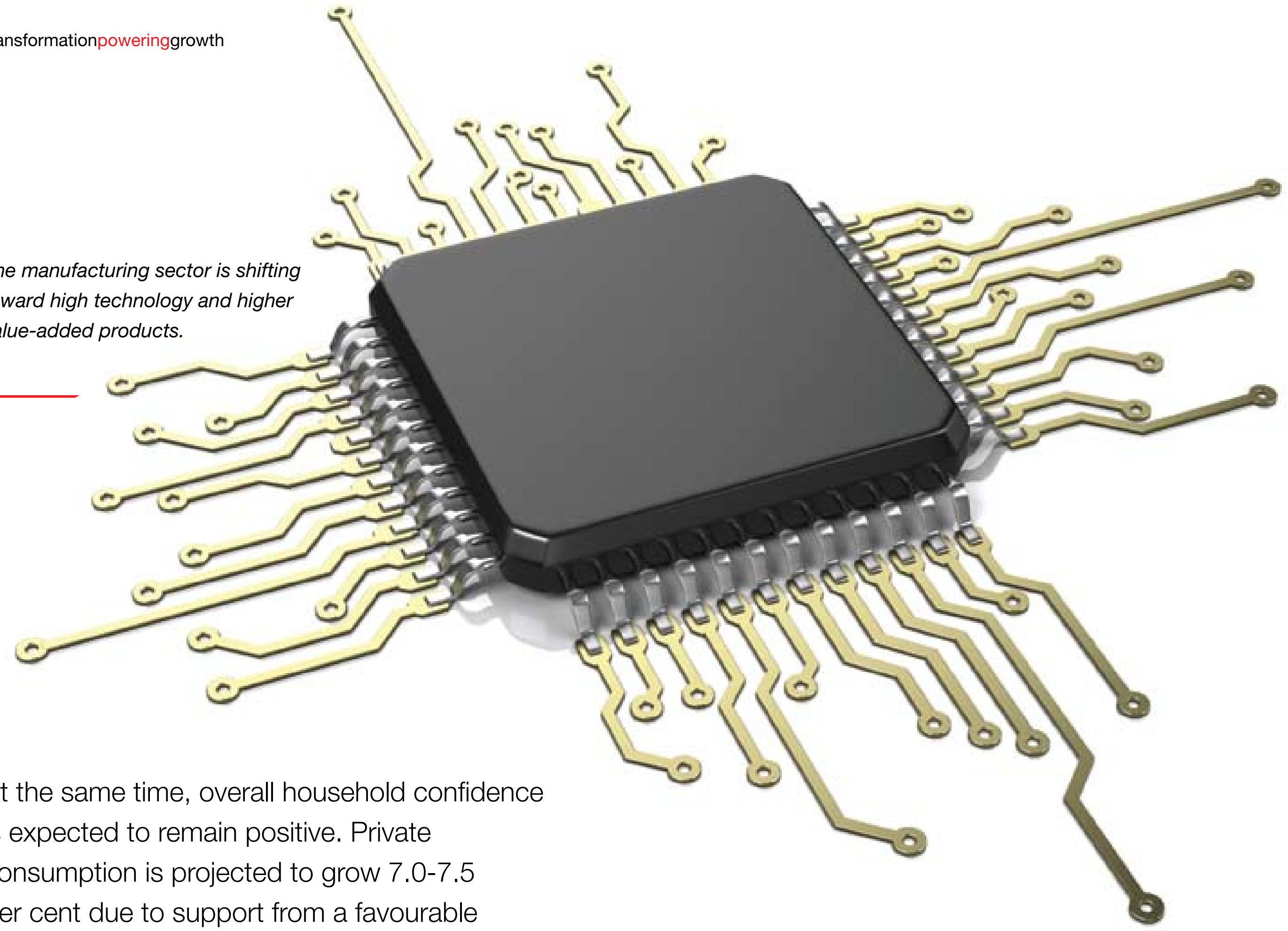
Private investment in particular is projected to expand around 15.5-16.0 per cent and will continue to be a growth catalyst in 2013. Investments are expected to catalyse growth through capacity expansion and new product lines in E&E and medical devices, greater levels of automation and investment in new machines as well as upstream and downstream activities in oil and gas. Investments will also support growth in construction-related activities, consumer-related activities, infrastructure activities, and domestic-oriented services sub-sectors. Greater levels of realised investments and increased inflows of foreign direct investments will also contribute to growth.

"The Government is taking a serious look at additional steps to encourage domestic investment in the hope that this will stimulate more private investment, especially among local companies."

– Mustapa Mohamed, Minister of International Trade and Industry, Berita Harian, 29 June 2012

Malaysia's food and beverages industry caters to the global halal market.





The manufacturing sector is shifting toward high technology and higher value-added products.

At the same time, overall household confidence is expected to remain positive. Private consumption is projected to grow 7.0-7.5 per cent due to support from a favourable labour market, modest inflation, improved real disposable income and continuous government assistance to the low- and middle-income households.

Public expenditure is envisaged to moderate further in 2013, in line with the fiscal consolidation that is intended to help achieve a balanced budget by 2020. Public consumption is projected to grow around 3.5-4.0 per cent, supported by spending on emoluments, supplies and services. Meanwhile, public investment is poised to grow at a slower rate of 7.0-7.5 per cent and will focus on economic activities, development spending, social services and capital spending.

On the supply side of the economy, all major sectors are expected to remain on a positive growth trajectory, continuing the trend of 2012. The services and manufacturing sectors will be the key growth drivers, benefitting from the resilient domestic demand and supported by the improving external environment. Also, consumer-related activities in the services sector will benefit from the promotional campaigns for Visit Malaysia Year 2014. Manufacturing will benefit from domestic-oriented activities (consumer-related and construction-related) as well as export-oriented activities (E&E and primary-related). Commodities and mining are expected to improve, supported by production, while construction will benefit from on-going activities.

Headline inflation is expected to average 2.0-3.0 per cent in 2013. Inflationary pressure should come from a combination of factors: higher global prices of selected food commodities, adjustments to domestic administered prices, uncertainties that can influence both global crude oil and food prices, and some level of demand-driven price pressures.

Continuous healthy economic fundamentals will help ensure the overall labour market condition stays positive. Driven by the on-going growth-driven policies, the market will continue to create job opportunities, hoping to keep the unemployment rate low at 3.1 per cent in 2013.

The on-going fiscal consolidation will still be the key focal point in 2013, ensuring sustainable domestic economic growth and facilitating long-term growth. Given this scenario, the fiscal budget deficit as percentage of GDP is projected to ease to 4.0 per cent in 2013 from a deficit of 4.5 per cent as a percentage of GDP in 2012. This projection is based on anticipated higher revenue riding on improved tax collection and better economic growth, combined with lower expenditure.

Malaysia's external sector is expected to improve in 2013, albeit at a moderate pace. Better growth prospects for the regional economies are anticipated to compensate for any strains coming from the advanced economies, resulting in an improved global economic outlook. Global growth could expand to 3.5-3.7 per cent in 2013, from 3.2 per cent in 2012, while global trade is projected to improve to 3.5-3.8 per cent in 2013, from 2.8 per cent in 2012.

Given a brighter global growth and trade outlook, Malaysia's exports should see a modest improvement, with the E&E sector gaining gradually from a more positive global semiconductor outlook. Exports will also enjoy a better contribution from non-E&E manufactured exports, taking advantage of intra-regional trade. Services exports will also grow due to a stronger travel account in line with the promotional campaigns for the run-up to the Visit Malaysia Year 2014. Lastly, exports will benefit from some contribution from the commodity prices, and from the low base.

Imports are projected to grow at a healthy pace in 2013, around 5.5-6.0 per cent. Imports of capital goods are expected to remain strong from on-going domestic activities such as oil & gas, manufacturing, services and investments. At the same time, imports of intermediate goods would improve from stronger manufactured exports in view of better exports and restocking. The demand for imported consumption goods is expected to remain strong in light of better living standards.

Driven by stronger investment-related imports and modest exports recovery, the current account surplus of the balance of payments is expected to thin further in 2013. The current account surplus is projected to hover around 4.4-4.6 per cent of gross national income (GNI). The lower current account surplus also reflects the continued, albeit lower, deficits in the services and income accounts.

international trade and economic relations

internationaltradeandeconomicrelations

Fary Akmal Osman

MITI Bangkok

During 2012, MITI Bangkok coordinated two successful trade and investment visits to Thailand by the Minister of International Trade and Industry, including the Halal Trade and Investment Mission to Songkhla, which involved 150 Malaysian delegates. A total of 180 business matching meetings took place during the Songkhla mission, with concluded sales of RM381,700 and potential sales estimated at RM14.8 million. MITI Bangkok also organised a dinner networking session hosted by the Minister and facilitated his participation in the World Economic Forum in Bangkok.

Malaysia's international trade continues to strengthen through an ever-expanding network with developed economies such as the United States and Japan as well as emerging markets, especially in Asia. These trade ties support the country's transformation into a high-income nation.

The global business environment has seen a tepid recovery due to less favourable macroeconomic and financial conditions. The continuing euro zone debt crisis in Cyprus, Greece, Italy and Spain has dampened economic sentiment, while trends such as the utilisation of shale gas in the United States (US) may lead to changes in the energy-producing market, with new emphasis on China and the US as producers. Meanwhile, international trade continues to face challenges in the form of barriers to trade, including tariffs, quotas and non-tariff barriers (NTBs).

Against this backdrop, emerging economies in South East Asia are working to resist protectionist trends. During 2012, MITI continued its engagement in economic groupings and trade negotiations in order to reduce barriers to trade, facilitate trade and increase market access for Malaysian exporters.

Strengthening ties in ASEAN

Malaysia continued to benefit from its membership in the **Association of South East Asian Nations (ASEAN)**. Trade between Malaysia and ASEAN grew by 8.2 per cent to RM358.1 billion, contributing 27.3 per cent to Malaysia's total trade.

In 2012, the trade grouping came closer to its goal of creating an ASEAN Economic Community (AEC) by 2015. The AEC envisages a region that serves as a single market and production base, is highly competitive, has equitable economic development, and is fully integrated into the global economy. Six Member States (including Malaysia) have eliminated intra-ASEAN import duties on 99.1 per cent of their tariff lines. Malaysia completed its tariff elimination programme in 2012. Cambodia, Lao PDR, Myanmar and Vietnam have also made progress by reducing their import duties to 0.0-5.0 per cent on 97.4 per cent of their tariff lines.

As at 2012, Malaysia has successfully implemented 294 out of the 342 measures specified in the AEC blueprint.

To support the goals of the ASEAN Trade in Goods Agreement (ATIGA) and facilitate the business community, Malaysia adopted a self-certification scheme under the Second Pilot Project. The pilot project is a continuation of a previous pilot project in 2010, which involves the four ASEAN nations of Malaysia, Singapore, Brunei Darussalam and Thailand. The project yielded a total of 100 self-certified exporters in Malaysia by the end of 2012.

The liberalisation of the services sub-sectors remained on track in 2012 with the implementation of the 8th Package within the ASEAN Framework Agreement on Services (AFAS), which involves considerable liberalisation within the economies of Member States. Negotiations for the 9th Package are on-going, with the aim of cumulatively liberalising 104 sub-sectors by end 2013. ASEAN also made progress in the liberalisation of financial services and the aviation market with the implementation of the 5th Package of Financial Services liberalisation and the adoption of the 7th Package of Air Transport liberalisation.

Malaysia's services sector also benefitted when ASEAN member states signed the ASEAN Movement of Natural Persons Agreement, with a view to providing more mobility to Malaysian professionals and specialists throughout the region. A total of seven Mutual Recognition Arrangements (MRAs) have been signed, of which the MRAs on Engineering Services and Architectural Services are among the most active. In addition, both the new ASEAN Agreement on Customs and the ASEAN Comprehensive Investment Agreement (ACIA) entered into force in 2012, further serving to deepen the regional integration process.

Several new initiatives were launched or adopted in ASEAN's engagement with its dialogue partners during the year (see Table 1).

Table 1: ASEAN External Relations

ASEAN		
	Regional Economic Comprehensive Partnership (RCEP)	Launched in November 2012 by ASEAN, China, Japan, South Korea, Australia, New Zealand, India.
		Covers trade, economic cooperation and other new and emerging issues.
	ASEAN+3 Cooperation	Work plan reviewed in July 2012.
		Doubled size of Chiang Mai Initiative Multilateralisation (CMIM) to US$240 billion.
	ASEAN+1 FTAs	Smooth progress in implementation of FTAs with China, Japan, South Korea, India, Australia, New Zealand.
	ASEAN-Japan	Endorsed the 10 Year Strategic Roadmap for enhancing ASEAN-Japan relations.
	ASEAN-China Free Trade Agreement (ACFTA)	Signed Third Protocol to Incorporate Sanitary and Phytosanity and Technical Barriers to Trade.
		Signed protocol on the ACFTA Joint Committee.
	ASEAN-US	ASEAN-US Expanded Economic Engagement (E3) adopted at ASEAN-US Leaders' Meeting.
	ASEAN-Russia	ASEAN-Russia Trade and Investment Cooperation Roadmap endorsed.
	ASEAN and Canada	Trade and Investment Facilitation Arrangement (TIFA) adopted in 2012.

Ong Chong Yi

MITI Beijing

MITI Beijing undertook several initiatives to raise the profile of Malaysia as an investment environment for Chinese enterprises in 2012. These activities included investment promotion speeches at seminars in Beijing, Zhejiang, Hainan, Guangxi and Hunan, in collaboration with the China-ASEAN Business Council and ASEAN-China Center. MITI Beijing also actively engaged with provincial and municipal officials to explore collaboration opportunities; promoted bilateral economic cooperation in several media articles and participated in business fora to promote MITI's bilateral park projects in Qinzhou and Kuantan.

"We see good prospects this year and see continued moderate growth with China."

– Mustapa Mohamed, Minister of International Trade and Industry, The Star, 21 June 2012

Key trading relationships with traditional partners

Once again, China was Malaysia's largest trading partner in 2012. Trade with China increased by 8.0 per cent to RM180.6 billion in 2012, accounting for 13.8 per cent of Malaysia's total trade. China was also Malaysia's top source of imports, as imports increased by 21.3 per cent to RM91.8 billion. The restriction on the imports of Edible Bird's Nest (EBN) initiated by China in 2011 had a significant impact on Malaysian exporters, as China is the single largest export market for Malaysia's EBN. The Export Protocol on Bird's Nest signed between Malaysia and China on 20 September 2012 was a major milestone toward resuming the trade of EBN.

Japan was Malaysia's third largest global trading partner in 2012 and the second major trading partner for Malaysia in the East Asia region after China. Trade between Malaysia and Japan has been on an increasing trend since 2003, except for a marked decline in 2009 due to the global economic crisis. Malaysia's trade with Japan registered a decrease of 1.0 per cent, reaching RM145.3 billion. Exports grew by 1.9 per cent to RM82.9 billion, while imports decreased by 4.5 per cent to RM62.4 billion.

The **US** continued to be an important trading partner in 2012, accounting for 8.4 per cent of Malaysia's total trade. Exports to the US came to RM60.8 billion, while imports amounted to RM49.1 billion in 2012. Exports of E&E products such as photosensitive semiconductor devices increased, as did exports of optical and scientific equipment as well as rubber products.

Trade with the **European Union (EU)** accounted for 9.8 per cent of Malaysia's total trade in 2012. Exports to the EU declined 13.7 per cent to RM62.2 billion, while imports from the EU remained strong with 11.3 per cent growth, valued at RM65.53 billion. Malaysia's most important imports from the region were E&E products, aircraft and parts for gas turbines and motors.

Trade with **South Korea** increased by 0.9 per cent to reach RM50.0 billion in 2012. Export decreased by 3.6 per cent to RM25.3 billion while imports increased by 6.0 per cent to RM24.7 billion. Malaysia continued to leverage on the ASEAN-Korea FTA, which resulted in increased trade with South Korea. Major exports to South Korea included liquefied natural gas (LNG), E&E products and refined petroleum.

Australia was Malaysia's 9th largest trading partner in 2012 with bilateral trade amounting to RM43.7 billion, an increase of 13.6 per cent compared to 2011. Exports and imports increased by 13.3 per cent and 14.1 per cent, respectively. Malaysia expects bilateral trade with Australia to be maintained at double-digit growth, especially with the coming into force of the Malaysia-Australia Free Trade Agreement (MAFTA).

Muthafa Yusof

India's economic relationship with Malaysia has never been healthier. The Prime Ministers of both countries have set a US$20.0 billion trade target to be achieved by 2015. Bilateral trade with India amounted to RM41.2 billion in 2012, surpassing the previous peak of RM38.4 billion in 2011. The Free Trade Agreement between Malaysia and India (MICECA) in 2011 contributed to this trade by helping to reduce many trade barriers.

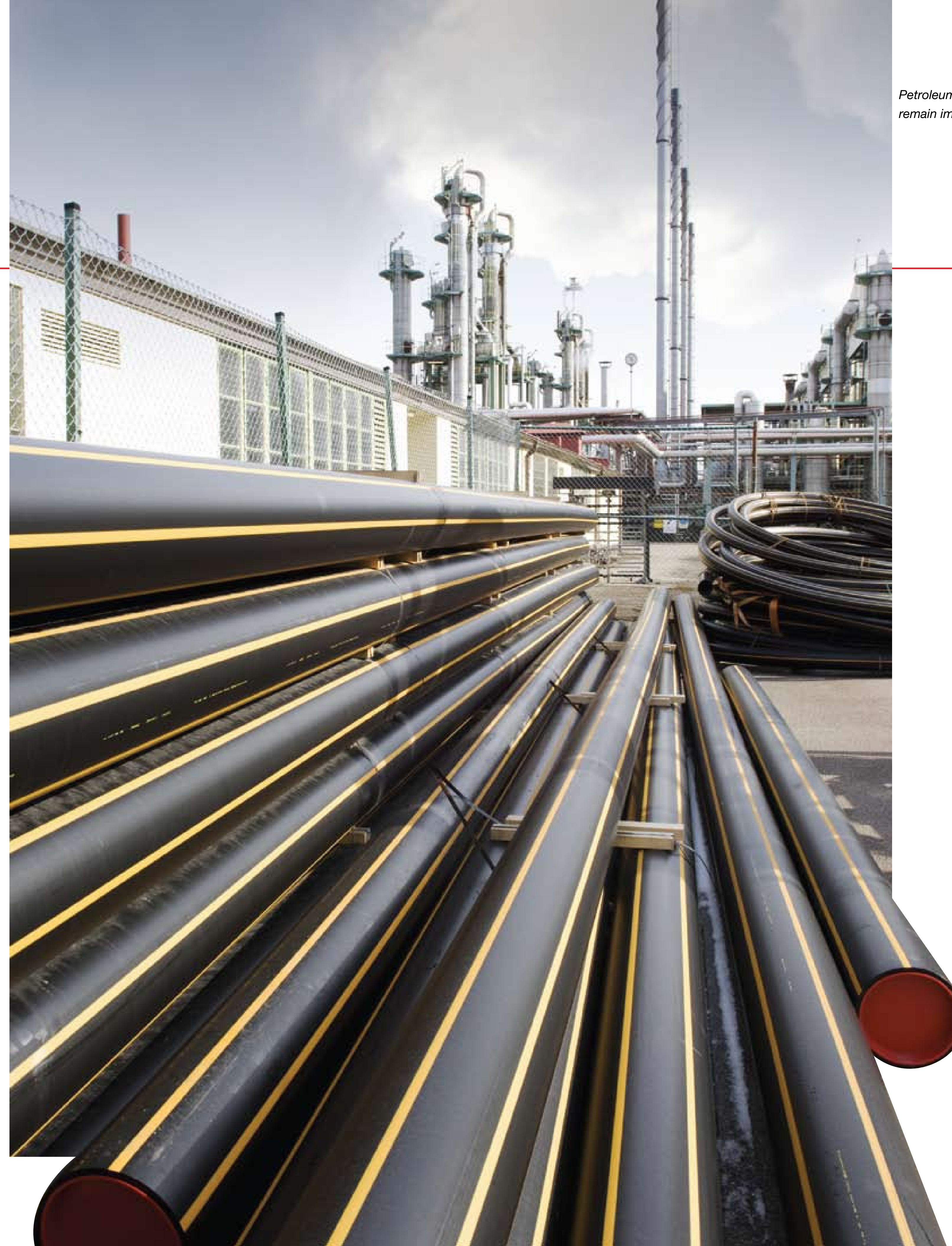
Trade with the African continent comprised 2.3 per cent of Malaysia's total trade in 2012. Trade dropped 4.5 per cent to RM27.5 billion in 2012. Total exports to countries in Africa decreased to RM16.7 billion, while imports grew 1.7 per cent to RM10.8 billion. Exports to many emerging markets in the African continent showed encouraging double-digit growth. The most significant growth was seen from Cote d'Ivoire (182.8%), Mozambique (164.8%), Sudan (148%), Tanzania (56.3%) and Cameroon (44.5%).

MITI New Delhi

During 2012, MITI New Delhi focused primarily on the ASEAN-India Commemorative Summit that was held in December 2012. This was attended by leaders of ASEAN member states, including the Prime Minister of Malaysia. The Summit saw the conclusion of negotiations on the ASEAN-India FTA on Services and Investment agreements, scheduled to be signed in August 2013. MITI also facilitated the participation of Malaysian companies in the 2nd India-ASEAN Business Fair and the 5th Malaysia-India CEO Forum and organised a dialogue session between the Chief Secretary to the Government and Malaysian companies operating in India.

The Arab countries have always been regarded as Malaysia's strategic trade and investment partners. For the past ten years, Malaysia's bilateral trade with **Gulf Cooperation Council (GCC)** member states grew more than five-fold. In 2012, Malaysia's total trade with GCC member states increased by 6.4 per cent to RM46.9 billion. Total exports were valued at RM18.5 billion, registering a slight decrease of 2.8 per cent, while total imports were valued at RM28.4 billion, an increase of 13.3 per cent. Malaysia's main exports to the GCC member states were palm oil, E&E products and chemicals and chemical products, while petroleum and petroleum products constituted the main imports from the region.

In 2012, Malaysia achieved total trade of RM6.1 billion with the Commonwealth of Independent States (CIS) countries. Exports to the region were valued at RM4.0 billion, while imports were valued at RM2.1 billion. During 2012, Malaysia and Tatarstan in the Russian Federation exchanged several visits to promote trade and investment. Malaysia and Kazakhstan also engaged in several visits and meetings to enhance bilateral trade, including Specialised Marketing Missions to Kazakhstan led by MATRADE. In addition, a roundtable meeting between Malaysia and Turkmenistan was held in November 2012.



Petroleum and petroleum products remain important exports.

Zuhair Jamaludin

MITI Johor

The highlight of 2012 for MITI Johor was the 8th World Islamic Economic Forum (WIEF) officiated by the Prime Minister of Malaysia and attended by several leaders, speakers and 2,100 delegates from 86 nations. MITI Johor also organised visits to Johor by the Prime Minister, Deputy Prime Minister, Minister of International Trade and Industry and MITI Deputy Minister (Trade). In line with increased interest in Iskandar Malaysia, MITI Johor coordinated meetings with potential investors. MITI Johor issued 158,894 Certificates of Origin in 2012, a 29.8 per cent increase compared to 2011.

Major developments in trade and trading agreements

In February 2012, the **Malaysia-Chile Free Trade Agreement (MCFTA)** entered into force. Under the MCFTA, which is the first FTA between Malaysia and a Latin American country, the two countries undertook a first tranche of tariff reduction or elimination, with two more tranches scheduled for 2014 and 2016 respectively. Malaysia's exports to Chile grew by 10.9 per cent in 2012, as Malaysian exporters benefitted from the elimination of Chile's import duties on 6,960 tariff lines (90.2 per cent of total tariff lines), including electrical and electronic products, vulcanised rubber thread and cord, and surgical gloves. As the world's largest producer of copper, Chile also offers opportunities for Malaysia's electrical and electronic manufacturers, who extensively make use of this metal.

The signing of the **Malaysia-Australia Free Trade Agreement (MAFTA)** in May 2012 was an important achievement for MITI. MAFTA outlines commitments on trade in goods, trade in services and economic cooperation for both countries, and serves to complement the existing ASEAN-Australia-New Zealand FTA (AANZFTA). Australia will eliminate 100 per cent of its import tariffs upon entry into force of the agreement on 1 January 2013, while Malaysia will progressively reduce or eliminate import tariffs on 99 per cent of its tariff lines by 2020. The Malaysian services sector has much to gain from the services liberalisation commitments in MAFTA, which include education, telecommunication, and financial services. In addition, Malaysia and Australia have agreed to undertake cooperation in areas including automotive, tourism and agriculture.

Malaysia, Chile and Australia are among the negotiating partners in the **Trans-Pacific Partnership (TPP)**, which entered its third year of negotiations in 2012. Once realised, the TPP will create a single market of nearly half a billion consumers. During 2012, Mexico and Canada were accepted into the negotiations as new members. Negotiations are progressing well with countries coming together on a number of issues.

Arividya Arimuthu

Malaysia and the European Union participated in on-going negotiations for the **Malaysia-European Union Free Trade Agreement (MEUFTA**) in 2012. Eight rounds of negotiations have been held since 2010, with one inter-sessional meeting in 2012 for the Working Groups on Rules of Origin, Trade in Services, Green Technology and Trade Remedies. Both parties look forward to continuing the negotiations in 2013.

Malaysia and Turkey made progress in the **Malaysia-Turkey Free Trade Agreement (MTFTA)** negotiations. With the exception of chapters on Market Access and Rules of Origin, negotiations on economic cooperation and all chapters under Trade in Goods have been concluded as of the end of 2012. Apart from the FTA initiative, the two countries also signed Memorandums of Understanding (MoU) to foster cooperation in finance and Islamic finance as well as promote greater collaboration.

In 2012, Malaysia and the European Free Trade Association (EFTA), made up of Switzerland, Norway, Iceland and Liechtenstein, agreed to commence negotiations for the **Malaysia-EFTA Free Trade Agreement (MEFTA)**. The first round of negotiations will be held in 2013.

MITI Brussels

MITI Brussels continued, for the year 2012, to assume an active role in the on-going Malaysia-EU free trade negotiations. MITI Brussels also worked to strengthen Malaysia-EU relations through speaking engagements, which included addressing key EU Parliamentarians on strategic linkages and collaboration efforts. MITI Brussels maintained its policy-oriented focus in 2012, coordinating the initiative to renew and reinvigorate Malaysia's engagement with the Organisation for Economic Co-operation and Development (OECD).

Major developments in economic groupings

At the Doha Round negotiations in the **World Trade Organisation (WTO)**, major progress was made in the areas of agriculture, trade facilitation, development and dispute settlement. Agriculture negotiations focussed on Tariff Rate Quota (TRQ) administration agreements and food security measures for developing countries. A Trade Facilitation Agreement is expected to be finalised in 2013 as a result of work to improve on General Agreement on Tariffs and Trade (GATT) articles among others in 2012.

> Yes, APEC as an institution is non-binding. But member economies must still keep score. And they must hold fast to the spirit that brought this group of disparate countries together in 1989, namely, the spirit to build a dynamic and harmonious Asia-Pacific community by championing free and open trade and investment, and promoting and accelerating regional economic integration.
>
> *– Rebecca Fatima Sta Maria, Secretary General, Ministry of International Trade and Industry, The Star, September 23, 2012*

Hiswani Harun

MITI Geneva

MITI Geneva continued to facilitate Malaysia's participation in the Doha Round negotiations throughout 2012, as WTO Members worked towards finding new and creative approaches to move the negotiations forward in the upcoming Ninth Ministerial Conference (MC9), to be held in December 2013 in Bali, Indonesia. Malaysia assumed an important role in lobbying other WTO Members to support Indonesia in its bid to host MC9 in Bali. Malaysia was also at the forefront on trade negotiations and the expansion of the Information Technology Agreement (ITA).

Malaysia supported the expansion of the Information Technology Agreement (ITA) in 2012. The latest discussions on ITA focussed on the expansion of the agreement to cover new products and members. MITI's Investigating Authority (IA) engaged with IAs from Indonesia, Turkey, China and South Korea to share views on trade remedies. The Doha Round negotiations were not fully resolved in 2012.

Four countries (Montenegro, Samoa, Russia and Vanuatu) completed the accession process to the WTO in 2012. Lao PDR will complete domestic processes and become a WTO member in February 2013, putting all ten ASEAN Member States within the ranks of the WTO and opening up new market opportunities for ASEAN.

Malaysia was an active participant in the **Organisation of Islamic Cooperation (OIC)**, serving as host to both the Malaysia-IDB (Islamic Development Bank) Investment Forum and the 8th World Islamic Economic Forum (WIEF). Malaysian and international companies signed a total of six MoUs worth RM28.0 billion at the WIEF.

The **Asia-Pacific Economic Cooperation (APEC)** succeeded in facilitating trade and promoting economic integration throughout 2012. At the APEC Leaders' Summit, APEC economies delivered the Vladivostok Declaration, which asserted support for the multilateral trading system, strengthened regional economic integration, fostered trade and investment liberalisation, and promoted regulatory convergence and cooperation.

APEC addressed next-generation issues such as transparency, global supply chain enhancement, innovation and integration of SMEs into the global production chain. Malaysia was an active participant in developing the APEC Environmental Goods List in 2012 to provide a full consensus on liberalisation of various environmental categories.

In 2012, Malaysia announced its readiness to host APEC in 2020, which is the target year for Malaysia to achieve high-income nation status as well as the end year for the Bogor Goals.

Outlook: Global and regional trade

Malaysia faces challenges from the uncertain external environment in 2013. If the advanced economies in the euro zone are unable to make progress in resolving their sovereign debt crisis, global growth prospects will be weakened. A stronger-than-expected recovery in the US housing market and robust economic expansion in China may generate renewed growth momentum, counterbalancing difficulties in the euro area. Closer to home, the economies in Asia are likely to see improvements due to resilient domestic demand, especially among the ASEAN Member States. Closer economic linkages with emerging economies in the region, through groupings such as the AEC, will help Malaysia and other participating countries diversify their markets and reduce over-reliance on the advanced economies.

Reaching out to Malaysian exporters

The Strategic Trade Secretariat (STS) coordinates the implementation of the Strategic Trade Act 2010 (STA), which provides control over the export, transit, transshipment and brokering of strategic items that can be used for design, development and production of weapons of mass destruction (WMD) and their delivery systems. The measures are in line with Malaysia's obligations to fulfill United Nations Security Council Resolution 1540 of 2004.

In 2012, the STS held 48 outreach programmes to raise awareness and educate Malaysian exporters on the implementation of the STA and how to comply with its requirements. Companies were encouraged to establish their own Internal Compliance Programmes (ICP) for export control. By the end of 2012, STS had approved ICPs for 90 companies. To date, the STS has issued a total of 3,747 permits/certificates.

The **Industry Excellence Award (IEA)** was introduced in 1991 to recognise excellence in products and services, quality management, and export and branding of local companies. Over the years, an increasing number of private sector companies have taken part in the Awards, and the proportion of high-tech companies has increased as well.

To date, the IEA has successfully motivated industry players in driving the trade and industrial development of the nation, encouraged local companies to expand into the regional and global markets, and served as a promotional platform for Malaysia's exports of manufactured goods.

MITI is currently reviewing the IEA and plans to introduce an improved version in 2013 in terms of concept, categories, judging criteria, incentives and collaboration with other parties.

FTA Pocket Talk is an awareness programme intended to educate the Malaysian business community on the benefits and opportunities offered by free trade agreements (lower import duties and tariff preferential treatment for Malaysian exporters as well as cheaper raw material prices for Malaysian importers). The programme guides participants through the process of applying for a certificate of origin (COO), which is a requirement for preferential import duties. A total of 23 sessions of pocket talks were conducted nationwide for 513 participants in 2012.

Malaysia-IDB Investment Forum

From 9-11 May 2012, Malaysia hosted the Malaysia-Islamic Development Bank (IDB) Investment Forum in Kuala Lumpur. The forum was aimed at attracting potential investors from OIC countries, particularly from the Gulf region, to explore investment opportunities in Malaysia. It also served as a platform for the IDB to showcase and promote its financial products and services to participants. Over 400 participants from 33 countries were in attendance.

YAB Dato' Sri Najib Tun Razak , Prime Minister of Malaysia, officiated at the Forum, which was themed *Forging Strategic Business Partnerships between Malaysia and IDB Member Countries*. During the opening ceremony, the Prime Minister also launched the "Member Country Partnership Strategy (MCPS)" document. MCPS is a medium-term strategy that outlines the cooperation between Malaysia and IDB for a period of three years.

Discussions at the Forum included IDB success stories, recent economic developments and investment opportunities in Malaysia. Participants from OIC countries were able to learn about Malaysia's experiences in pilgrimage management, halal industry development, higher education, intra-grouping trade and commercialisation of innovations.

A total of 74 participants took part in a business matching session to seek business opportunities and cooperation in fields such as finance, manufacturing, electrical and electronics, automotive, real estate, construction, research and development, tourism, and services. An exhibition was also held on 9 and 10 May 2012 in conjunction with the forum, with a total of 14 organisations from Malaysian government agencies participating.

The Forum achieved success in promoting joint venture projects between companies and investors from OIC countries, sharing information on investment opportunities in OIC countries, and enhancing Malaysia's image as an attractive investment destination.

Look East Policy – a new dimension

The year 2012 marked the 30th anniversary of the Look East Policy (LEP), which has been an essential component in Malaysia-Japan and Malaysia-South Korea bilateral relations since 1982. The policy was successful in training over 15,000 Malaysians in knowledge, expertise and Japanese and Korean work values.

In commemoration of the anniversary, MITI together with the Malaysian Investment Development Authority (MIDA) and the Malaysia-Japan Economic Association (MAJECA) organised the *Look East Policy - A New Dimension & MAJECA-JAMECA 31st Joint Conference* on 10 October 2012 at Hotel Istana, Kuala Lumpur. YAB Dato' Sri Najib Tun Razak, Prime Minister of Malaysia officiated at the conference, which was attended by 620 participants from both Malaysia and Japan.

In his keynote address, the Prime Minister highlighted three new focus areas for the LEP. The new dimension of the policy will cover partnerships between Japanese SMEs and Malaysian companies in areas such as green technology, a targeted programme for achieving Economic Transformation Programme (ETP) objectives in three growth prospect areas (healthcare, education and tourism) and the establishment of stronger institutions in the form of the Malaysia-Japan International Institute of Technology.

The second wave of the LEP will focus on attracting high-technology investments to Malaysia in industries such as green technology, biotechnology and information technology. The policy benefits Japan and South Korea by providing a ready pool of skilled Malaysian graduates fluent in Japanese and Korean. In addition, Japanese and Korean companies will be able to use Malaysia as a gateway to markets in ASEAN and West Asia.

megatrends and opportunities for manufacturing

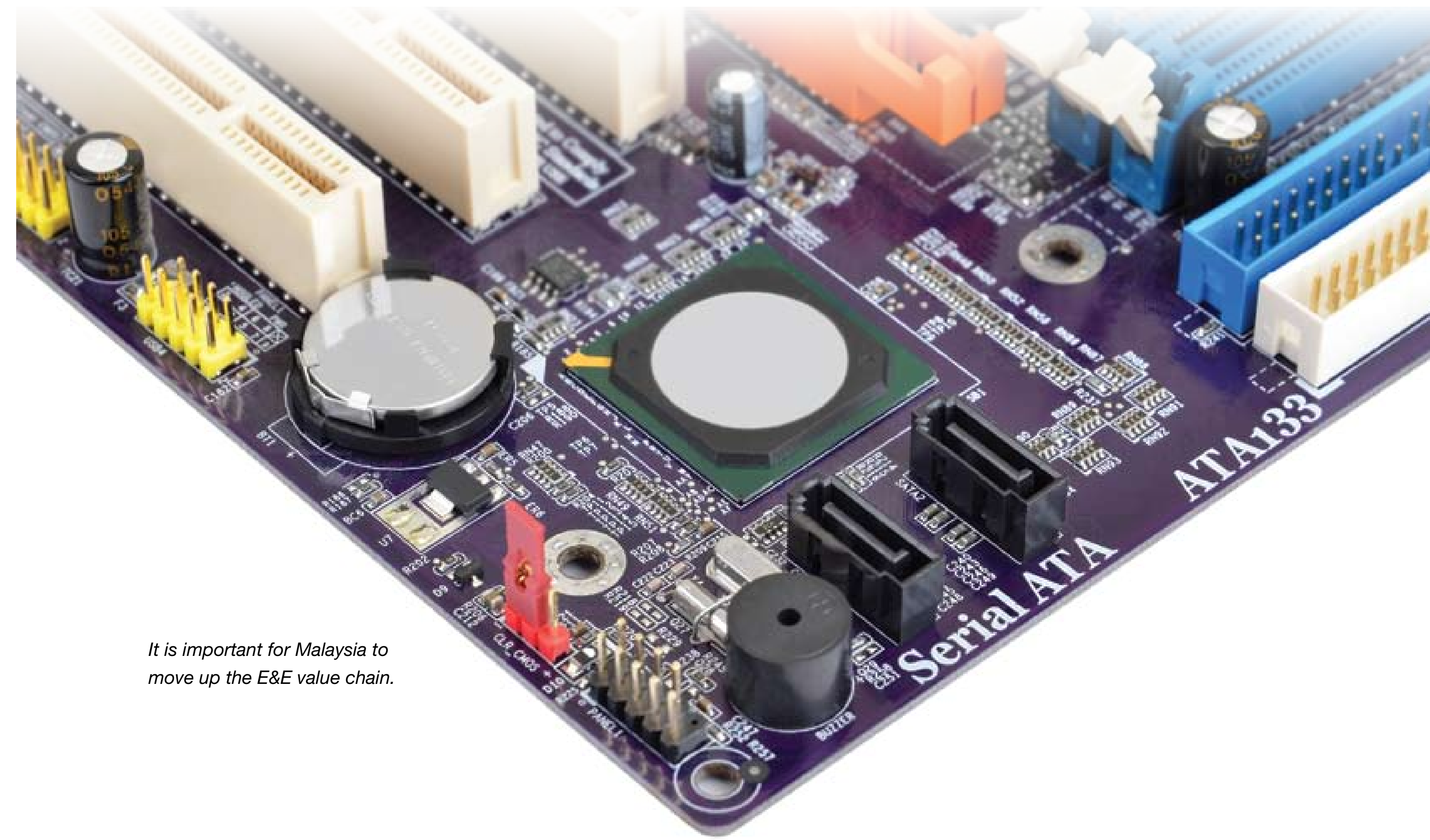
megatrendsandopportunitiesformanufacturing

Global economic developments and worldwide megatrends spurred by new technology are creating new prospects for manufacturing, especially in high-value and high technology areas such as urban infrastructure, smart products, e-Mobility, sophisticated medical devices and precision equipment. Malaysian manufacturers have a unique opportunity to strengthen their industries by exploring and capitalising on these new areas of growth and enhancing their position in the global value chain.

The market for medical devices continues to grow.

The external environment continued to be affected by global economic uncertainty in 2012, dampening demand for manufactured products. Factors such as the sovereign debt crisis in Europe, the United States (US) fiscal cliff and the stagnant economy in Japan had an impact on the export performance of manufactured goods. Malaysian manufacturers faced growing competition from manufacturers in developing economies such as China and ASEAN member countries, particularly in higher value-added assembly.

Despite these challenges, the manufacturing sector grew steadily at 4.8 per cent in 2012, a slight increase from 4.7 per cent in 2011. Manufacturing contributed 1.2 per cent to GDP growth, making it the second largest contributor after services. As in the previous year, the domestic-oriented industries grew at a higher rate than the export-oriented industries.



It is important for Malaysia to move up the E&E value chain.

Production in Malaysia's key export-oriented clusters such as electrical and electronic (E&E) products, particularly in semiconductors, saw a recovery following the disruptions from the natural disasters in Japan and Thailand in 2011. The primary-related cluster also expanded its output in response to continued regional demand for chemicals and petroleum products. The country's export-oriented industries grew by 3.9 per cent in 2012, up from 3.4 per cent in 2011. At the same time, soaring domestic demand contributed to better performance in the domestic-oriented manufacturing industries, particularly the construction- and consumer-related clusters. Domestic-oriented industries grew 8.3 per cent, a slight improvement from the 8.2 per cent of the previous year.

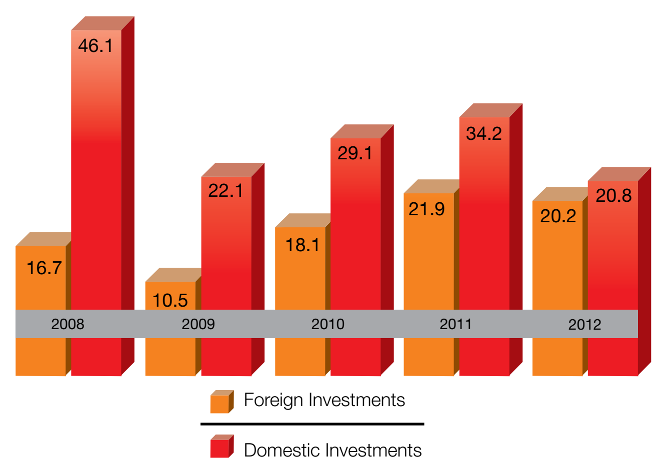
Growth through quality investments

As Malaysia transforms itself into a high-income nation, the quality of investments matters just as much as the quantity. The world is increasingly shaped by megatrends in urbanisation, smart products, e-connectivity, healthcare and societal change. To adapt to these shifts, the nation's manufacturing sector needs more quality investments in capital-intensive, high value-added and high technology areas.

Malaysia's manufacturing sector proved to be resilient in the face of an intensely competitive investment environment. Despite the uncertain economic environment, most sub-sectors registered an increase in investments, particularly transport equipment, chemicals and chemical products and petrochemical products. MIDA approved a total of 804 manufacturing projects valued at RM41.0 billion in 2012 compared with 846 manufacturing projects with investments of RM56.1 billion in 2011. Of this total, RM20.8 billion were from foreign investments, while RM20.2 billion were investments from domestic sources (see Chart 13).

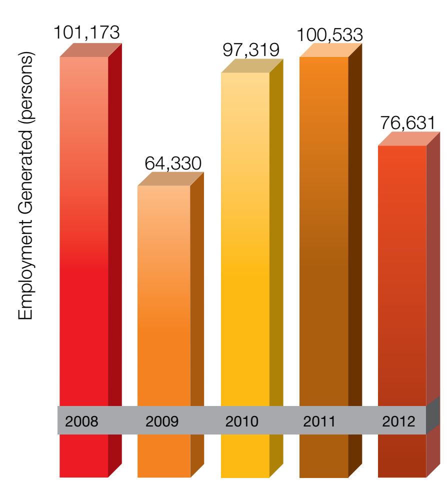
While global investment was slow to pick up, the country continued to attract a significant amount of new manufacturing investments. In 2012, investments in new projects amounted to RM26.8 billion or 65.4 per cent of total investments approved. Also, MIDA approved a total of 331 expansions and diversifications of existing projects, with investments amounting to RM14.2 billion. Altogether, these projects are expected to create employment opportunities for 76,631 people, of which 73.5 per cent are in the managerial, technical, supervisory and skilled manpower categories (see Chart 14).

Chart 13: Domestic and Foreign Investment in Approved Manufacturing Projects, 2008-2012 (RM Billion)



Source: Malaysia - Investment Performance Report 2012, MIDA

Chart 14: Employment Opportunities in Manufacturing, 2008-2012

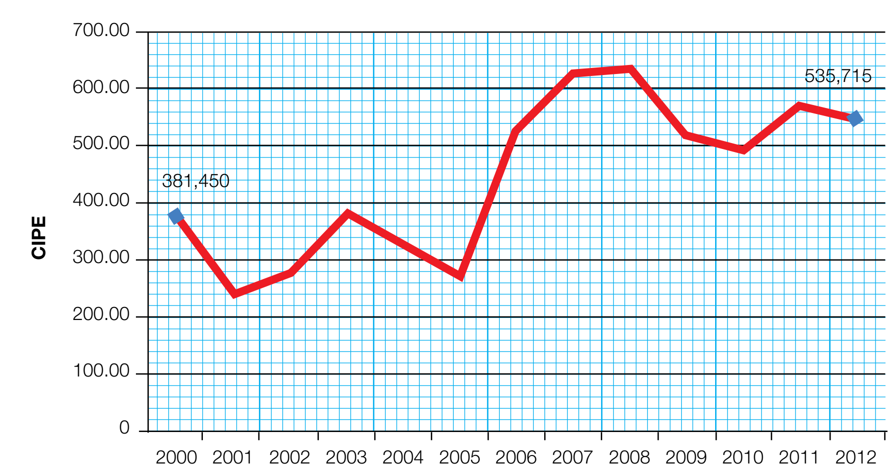


Source: Malaysia - Investment Performance Report 2012, MIDA

The Capital Investment Per Employee (CIPE) ratio of approved manufacturing projects was measured at RM535,715. This ratio has been on an upward trend since it was first recorded in 1990 at RM167,638. During the period 2000 to 2012, the general trend has remained one of growth in the CIPE ratio (see Chart 15).

Major sources of foreign investments in 2012 were Japan (RM2.8 billion), Saudi Arabia (RM2.6 billion), Singapore (RM2.2 billion), China (RM2.0 billion) and South Korea (RM1.6 billion). These five countries jointly accounted for 53.8 per cent of total foreign investments approved during this period.

Chart 15: Capital Investment Per Employee (CIPE) Ratio for Approved Projects, 2000-2012



Source: MIDA

The State of Selangor received the largest amount of approved investments (RM11.7 billion), followed by Johor (RM5.5 billion), Sabah (RM5.0 billion), Sarawak (RM4.7 billion) and Negeri Sembilan (RM2.7 billion).

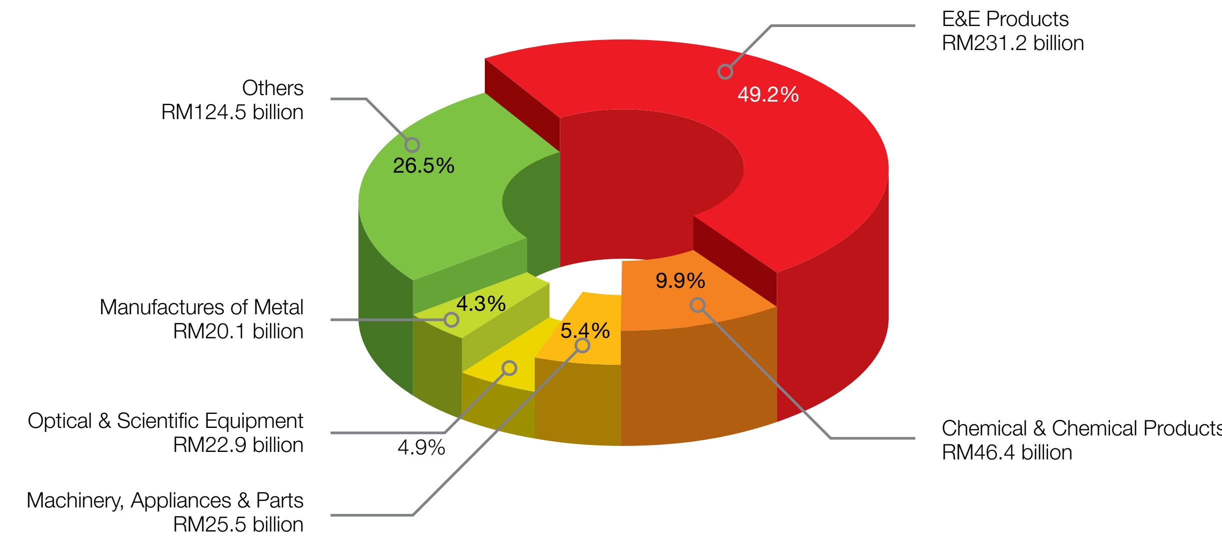
A Domestic Investment Strategic Fund of RM1.0 billion, was launched by the Government in July 2012, aimed at accelerating the shift of Malaysian-owned companies in targeted industries to higher value-added, high technology, knowledge-intensive and innovation-based ones.

Malaysia's export growth drivers

Malaysia's export-oriented industries experienced marginal growth of 0.6 per cent in 2012 compared with 3.4 per cent in 2011. Export growth was impacted by the euro zone crisis, moderate recovery in the US economy and stagnation in Japan's economy, as well as slowing growth in China and India. Malaysia's export performance continued to depend largely on demand in Asia, which accounted for 72.2 per cent of total exports. With a growing middle class and rising income, Asia is the world's fastest growing consumer market, and this development is expected to continue as countries in Asia develop and seek deeper trade connections with one another. Malaysia's exports to Asia increased by 1.9 per cent, reaching RM507.1 billion in 2012.

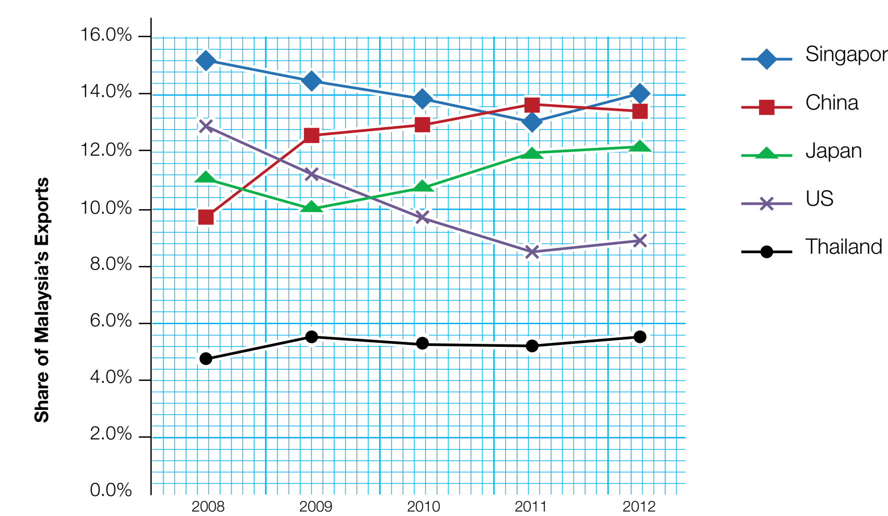
Exports of manufactured goods were sustained at RM470.4 billion, accounting for 67.0 per cent of Malaysia's total exports. E&E products continued to contribute significantly to Malaysia's total exports, taking up a 32.9 per cent share of overall exports. The E&E industry, which showed signs of recovery in the second half of the year, increased its exports to US, Thailand and Vietnam on greater demand. Increases in exports were also recorded in the chemicals and chemical products, optical and

Chart 16: Total Exports of Manufactured Goods, 2012 (RM470.4 billion)



Source: DOSM

Chart 17: Global Export Destinations for Malaysian Products, 2008-2012



Source: DOSM

scientific equipment, and medical devices, solar and energy-saving devices sectors.

Singapore became Malaysia's largest export destination once again, up one place from 2011. Exports to Singapore amounted to RM95.5 billion, up by 8.3 per cent from 2011. E&E exports made up the largest portion (33.8 per cent) of these exports. Refined petroleum products made up a further 27.9 per cent of exports to Singapore.

Total exports to China were valued at RM88.8 billion, a decrease of 3.1 per cent, making it the second largest export destination for Malaysian goods. More than 70.0 per cent of total exports to China were manufactured goods, which increased by 3.1 per cent in 2012. The most important manufacturing exports to China were E&E products, chemicals & chemical products, rubber products and optical & scientific equipment.

Exports to Japan in 2012 rose by 1.9 per cent to RM82.9 billion. Japan's rebuilding activities in the wake of the March 2011 earthquake and tsunami supported Malaysia's exports of manufactured goods. Exports of optical and scientific equipment grew, especially cameras specially designed for underwater use. Demand also grew for hybrid and other electronic integrated circuits, transistors, and cellular and wireless telephone sets.

As US showed early signs of recovery, Malaysia's exports to the country grew by 5.4 per cent to RM60.8 billion, making it the fourth largest export destination for Malaysian goods such as E&E products.

Syahril Syazli Ghazali

Thailand's production activities recovered in mid-2012 following the disruptions from flooding in 2011, resulting in a surge in demand for raw materials, intermediate products and consumption goods. Exports to Thailand increased by 5.5 per cent to RM37.7 billion, with several sectors experiencing double-digit growth, including E&E products, optical and scientific equipment, and automotive parts and accessories.

Indonesia was Malaysia's third largest export destination within ASEAN and ninth largest overall in 2012. Exports increased by 32.5 per cent to RM27.6 billion in 2012. Indonesia's industries continued to enjoy robust growth, contributing to higher demand for Malaysia's refined petroleum products, chemicals and chemical products, iron and steel products, machinery, appliances and parts, and other products.

Malaysia enjoyed improved preferential access to markets in India following the implementation of the Malaysia-India Comprehensive Economic Agreement (MICECA) in 2011. This improved access, coupled with strong economic growth and high manufacturing activities, boosted export growth to India to RM29.3 billion in 2012, up by 4.2 per cent from the previous year. Higher exports of palm oil, E&E products, crude petroleum, chemicals and chemical products as well as manufactures of metal contributed to this achievement.

MITI Jakarta

In 2012, MITI Jakarta coordinated working visits by the Minister of International Trade and Industry to Jakarta and Surabaya to meet local business leaders. MITI Jakarta also helped to arrange trade and investment activities involving other Ministers, government agencies and business associations including the Halal Development Cooperation (HDC), Iskandar Regional Development Authority (IRDA), Malaysia Property Inc. (MPI), Federation of Malaysian Manufacturers (FMM) and Malaysia-Indonesia Business Council (MIBC). In addition, MITI Jakarta facilitated a visit to Kuala Lumpur by the Indonesia Chamber of Commerce and Industry (KADIN) and Young Entrepreneur Association (HIPMI).

Manufacturing growth in countries such as India drives our exports of chemicals.

A total of 3.8 per cent of Malaysia's exports, valued at RM26.7 billion, went to West Asia in 2012. West Asia continues to be a market with large growth potential, as exports to the region remained limited to a narrow range of products, mainly consisting of palm oil, E&E products, and chemicals and chemical products.

Latin America also grew in importance as a trade destination. Exports to the region were valued at RM12.1 billion, with nearly half of this figure from E&E products. Other important exports included rubber products, chemicals and chemical products, and machinery, appliances and parts.

From megatrends to future business

MITI intends to leverage on megatrends, such as green growth and e-connectivity, which are likely to have significant effects on all levels of global society. The manufacturing sector can capitalise on these trends by striking out in new directions that have been identified for future growth.

As the pace of **urbanisation** increases, core city centres will integrate with suburbs and satellite cities, resulting in expansion of city limits. New types of cities such as mega cities, mega regions, mega corridors and smart cities will have a massive impact on the future of mobility, working life, and societies. Manufacturers, service providers and investors will adopt a **"City as a Customer"** approach. Instead of countries, cities will become the hubs of investment, wealth creation and economic growth. Each city's unique infrastructure demands will lead to cross-sectoral micro implications and opportunities for companies. In Malaysia, the Government aims to transform Greater Kuala Lumpur/Klang Valley into a connected city where residents can enjoy its many facilities and services.

e-Mobility is set to transform the automotive industry.

Consumer industries are starting to take a "**Smart is the New Green**" approach as the next generation of consumer products and services move beyond green features to become more responsive to changing environments and user needs. **Smart products**, increasingly integrated with Internet technologies, fulfil green criteria by providing energy and efficiency savings of up to 30.0 per cent and generally have a two-to-three-year return on investment. The Government has taken several measures to further promote green technology investments, including a New Economic Model to accelerate the national economy, to promote sustainable development and to enhance public education and awareness.

Changing social trends have the potential to usher in new business opportunities in customised applications and innovative technologies. These social trends include the growing importance of Generation Y, the increasing sophistication of the middle class, the reversal of brain drain, and the empowerment of women.

As social networking moves to the next level (geo-socialisation), new trends will emerge in networking, digital marketing, and other ways of interacting between individuals and organisations. Information and communication technology (ICT) and green technology industries are expected to become more important in light of these societal changes.

In the early days of Malaysia's manufacturing industry, products and technologies could be cleanly categorised based on their main functionality. Today, a trend of **connectivity and convergence** is breaking down those categories, leading to integrated technologies and innovations that work closely together. Products such as electric cars draw upon a wide range of innovations, including energy storage, satellite navigation and intelligent systems. Entire industries such as Healthcare IT are communicating, interacting and conducting business in a more connected fashion. Technologies such as the Smart Home Hub will become a presence in everyday life for a growing segment of the population.

High-speed rail transportation is a key megatrend.

With the advent of innovations such as smart drugs, virtual hospitals and cyber documents, the **Health and Wellness** industries will be radically transformed, especially in areas such as research and development, diagnostics and monitoring. In the future, diagnostics will become less invasive, preventative, and image-based. Medicines will be marketed as molecular and personalised drug cocktails. Companies across sectors will offer health, wellness and well-being as their new value proposition and an important differentiating factor. This trend will cause new investment opportunities to emerge in medical devices and healthcare services.

About US$41.0 billion is expected to be spent globally on infrastructure projects from 2005 to 2030, leading to a tremendous improvement in the quality and operational efficiency of sectors such as transport, power, and water. New business models will include car sharing, mobility allowances, high-speed rail and more government spending on intelligent transportation systems (ITS). Future demand for **e-Mobility** solutions will focus on personal and freight mobility, not necessarily in the form of cars or trucks. As journeys become more integrated and multimodal, mobility integrators will enter the market from diverse industries such as train and bus operation, leasing and rental, telecoms and ICT. **High-speed rail** developments have the potential to drive new centres of innovation, research and development and technical excellence. The emergence of rail transportation corridors will lead to the mushrooming of economic and technology clusters that will attract massive investment and government facilitation. Investment opportunities are expected to arise in copper, silver/copper magnesium wires, steel, construction tooling and other areas.

Tapping into higher-value projects

The E&E industry was impacted by weak global markets in 2012, causing E&E exports to decrease by 2.5 per cent to RM231.2 billion. E&E products continue to be the country's most significant export, making up 49.2 per cent of manufactured exports.

Hairil Yahri Yaacob

MITI Washington DC

MITI Washington DC facilitated a visit by the Prime Minister of Malaysia to New York and Washington DC in 2012, which underlined the importance of US as Malaysia's fourth largest trading partner. In a move that enhanced our global competitiveness, US removed Malaysia from the United States Trade Representative (USTR) Special 301 Report, which focuses on encouraging and maintaining effective intellectual property rights (IPR) protection and enforcement with their trading partners. This demonstration of Malaysia's commitment to improve its IPR regime will increase the country's attractiveness as an international investment destination.

Malaysia remains a key player in the Asia Pacific E&E market, especially for Singapore, the US, the EU, Japan and Taiwan, which remain major export destinations. Exports to the US rose 7.9 per cent to RM32.9 billion, mainly contributed by higher exports of photosensitive semiconductor devices. As Thailand's ICT sector recovered from the 2011 floods, E&E exports to the country climbed 20.2 per cent to RM12.5 billion, mainly due to demand for parts and accessories for automatic data processing (ADP) machines.

Under the National Key Economic Areas (NKEA), the E&E industry is targeted to focus on high-value and high-growth manufacturing activities. Targeted sub-sectors include semiconductors, solar panels and light-emitting diodes (LEDs). Performance of the semiconductor sub-sector was particularly notable, as sales of semiconductors and electronic components increased by 13.8 per cent to RM79.3 billion in 2012. The Government also supported the LED sub-sector with its policy of banning the sale and import of 100-watt incandescent bulbs, starting in 2011.

The E&E industry attracted a total of 112 projects with approved investments of RM3.9 billion in 2012. These investments will create a total of 18,163 jobs in the E&E industry. One notable project in the electrical sub-sector involved investments of RM1.4 billion for the manufacture of solar-grade silicon wafers and ingots and this is expected to strengthen the solar value chain.

Catalysing the chemicals industry

The second largest contributor to Malaysia's total manufactured exports in 2012 was the **chemical and chemical products industry**. Exports of chemicals and chemical products declined by 1.8 per cent to RM46.4 billion and the trade deficit in this sub-sector increased to RM5.7 billion in 2012 from RM3.9 billion in 2011. The sub-sector continued to build additional capacity in the form of 73 approved projects with total capital investments of RM6.4 billion in 2012. A total of RM5.7 billion came from foreign investments, an increase of 76.1 per cent, which indicated the growing confidence of investors in the sub-sector. Taken together, these projects will create 2,740 chemical industry jobs.

Malaysia's **petroleum sub-sector**, including petrochemicals, remained solid in 2012, even as it underwent diversification and capacity building. Exports of petroleum products declined by 5.0 per cent to RM3.4 billion in 2012, while imports of the same rose by 1.1 per cent to RM 6.7 billion. However, approved investments expanded significantly, growing by more than double to RM6.0 billion in 2012. A total of 77.3 per cent of these investments came from domestic sources.

These investments were distributed among 14 projects that will generate 1,274 jobs. The largest of these investments is a project to produce ammonia and granular urea in Sabah valued at RM4.5 billion.

The plastics sub-sector grew slowly in 2012 due to the weaker external sector, with exports rising by 0.1 per cent from RM9,993.4 million in 2011 to RM10,606.5 million in 2012. A total of 57 projects with investments of RM1.1 billion were approved in 2012. These projects will provide potential employment for 3,910 persons.

Plastic is a ubiquitous material in consumer products.

Azman Poji

MITI Sabah

During 2012, MITI Sabah organised two social media networking programmes in Kota Kinabalu and Tawau to strengthen ties with the local media and facilitate the flow of information to local business communities. MITI Sabah also provided input on the state's industrial development to the Deputy Prime Minister of Malaysia during a networking dinner session with the state's chambers of commerce in Kota Kinabalu, and organised a dialogue session with various government agencies and chambers of commerce concerning obstacles to export competitiveness in Sabah.

Capturing lucrative healthcare markets

The Healthcare NKEA emphasises greater private sector participation in the healthcare industry to take advantage of the growth opportunities of the **pharmaceutical and medical device industries**. The Government has supported pharmaceutical manufacturing through healthcare Entry Point Projects (EPPs) such as the establishment of Clinical Research Malaysia (CRM) to stimulate the growth of clinical trials and an Off-Take Agreement to incentivise the manufacture of generic pharmaceuticals, and other projects. Seven additional EPPs have been identified to support the medical device industry in areas such as In-Vitro Diagnostic products, Core Single Use Device products and high-value medical device contract manufacturing. In addition, the Medical Devices Act 2012 and the Medical Devices Authority Act 2012 came into force in February 2012, providing regulation for the medical device industry in Malaysia.

Malaysian pharmaceutical manufacturers are poised to capture a vast market for generic drugs.

Malaysia's exports of **pharmaceutical products** increased by 16.8 per cent to RM954.0 million in 2012. Singapore, Brunei Darussalam and US were the major export destinations for these products. Total approved investments in pharmaceutical projects amounted to RM258.5 million in 2012. Exports of **medical devices** reached RM14.0 billion in 2012, an increase of 9.1 per cent from the previous year. This strong performance was driven by major exports including surgical and examination gloves (RM10.6 billion), dental and ophthalmic instruments and appliances (RM935.5 million) and other medical instruments, apparatus and appliances (RM570.9 million). The major export destinations for Malaysia's medical devices included the US, Europe and Japan.

Mohammmad Sanusi Abd. Karim

MITI Tokyo

MITI Tokyo continued to enhance trade ties between Malaysia and Japan through various initiatives and activities, including facilitating business programmes in conjunction with visits by the King of Malaysia, the Minister of International Trade and Industry, and the MITI Deputy Minister (Trade). Apart from coordinating Malaysia's participation in road shows and holding discussions with the ruling Liberal Democratic Party, MITI also organised visits to Malaysia by top Japanese business executives to meet the Prime Minister of Malaysia.
MITI Tokyo ceased operations in December 2012 in line with the overseas offices rationalisation plan.

A total of 16 projects with investments of RM253.3 million were approved in 2012, including 13 projects (RM113.9 million or 45.0%) for the manufacture of high-end and high value-added products.

Investments in R&D are driving innovation in aircraft structure manufacturing.

Progress in the aerospace industry

The Government has projected the maintenance, repair and overhaul (MRO) sub-sector of the **aerospace industry** to grow by 12.0 to 15.0 per cent annually. To drive innovation in the aerospace industry, the Government plans to set up the Aerostructure Manufacturing Innovation Centre, which will be a centre for aircraft structure manufacturing R&D.

In 2012, a total of 11 projects were approved in the aerospace industry with investments of RM2.3 billion. The majority of these investments (61.0%) were from domestic investors attracted by the comprehensive tax incentives put into place to support the industry. The approved projects will generate a total of 2,739 employment opportunities. One Malaysian-owned project, valued at RM1.1 billion, involves the design, manufacturing and sub-assembly of jet aircraft and aircraft components.

Adding value to the machinery and equipment industry

Malaysia's **Machinery and Equipment (M&E)** industry facilitates the country's transition into a high-technology nation. Although the country's exports of M&E products increased by 6.1 per cent to RM25.2 billion in 2012, this was exceeded by imports of M&E products, which increased by 12.5 per cent to RM52.9 billion. The major M&E exports in 2012 were heating and cooling equipment, and specialised machinery and parts.

The Government has set a long-term objective to make Malaysia the regional production and distribution hub of high technology and specialised M&E products and services. To achieve this goal, the Government is encouraging quality investments that emphasise high technology and high value-added M&E. Total approved investments in the sub-sector more than doubled in 2012 to RM1.9 billion, of which RM1.2 billion came from foreign investments. One significant new project involves foreign investments of RM229.5 million to build a state-of-the-art umbilical manufacturing plant.

> "In fact, small and medium-sized Japanese companies are entering into joint ventures with Malaysian companies in areas like the manufacture of automotive component parts."
>
> *– Mustapa Mohamed, Minister of International Trade and Industry, The Star, 11 October 2012*

The M&E industry is moving toward more specialised high technology products.

Automated assembly at the Proton auto plant.

Rolled steel produced for the global market.

A policy for long-term competitiveness

As the supply chains in Japan and Thailand recovered from the disruptions in 2011, **automotive** production rose by 4.6 per cent to 627,753 passenger cars and commercial vehicles. At the same time, the value of sales of motor vehicles rose 6.8 per cent, while the value of sales of motor vehicle parts and accessories rose 20.2 per cent.

The Government continued to make progress in revising the National Automotive Policy (NAP) to enhance the industry's competitiveness. Malaysia's automotive industry will focus on becoming the regional hub for energy-efficient vehicles (EEV) while ensuring a high technology uptake. NAP 2012 will cover three directions – investment, technology and engineering, and market expansion and outreach – by providing strategies for developing the supply chain, ensuring sufficient human capital at all levels, and safeguarding security and the environment.

In 2012, a total of 70 projects were approved in the automotive industry with investments of RM5.0 billion. The approved projects will generate a total of 7,951 employment opportunities. Investments for the manufacture of hybrid/electric vehicles increased to RM792.4 million in 2012 due to the NAP 2010, which encourages the move toward green technology.

Creating upstream links

In 2012, exports of **iron and steel (ferrous metal)** products decreased by 2.5 per cent to RM9.9 billion while exports of **non-ferrous metal** products amounted to RM10.0 billion. Malaysia maintained a trade deficit in both these sub-sectors due to the high demand from the country's energetic construction sector. Imports of ferrous metal products increased by 1.6 per cent to RM25.2 billion while imports of non-ferrous metal products declined by 3.8 per cent to RM20.4 billion.

To promote the iron and steel industry, the Government has studied the industry's competitiveness and has established the Malaysia Steel Council to oversee and continuously align the industry to Malaysia's economic goals. The Government has also undertaken improvements in the iron and steel ecosystem to encourage the development of upstream and downstream activities. In 2012, a total of 98 projects were approved with investments of RM5.0 billion, with half of this total coming from foreign investments. These projects are expected to create 10,347 jobs in the industry.

Inside a textile factory.

Opportunities for light industries

Exports of **textiles and apparel** products decreased 12.0 per cent to RM9.5 billion in 2012, compared with RM10.8 billion in 2011. The US was the largest export market, accounting for RM1.8 billion in textiles exports. As the global textiles industry is currently experiencing a 10.0-15.0 per cent increase in orders due to the increasing cost and insufficient production capacity in China's textiles industry, Malaysia is in a position to capture a larger share of export markets. The Malaysian textiles and apparel industry geared up to expand and create new projects in 2012, attracting RM471.0 million in total approved investments, an increase of 61.8 per cent from 2011.

Exports in the **wood** products industry remained steady at RM14.9 billion in 2012, with modest growth of 1.5 per cent from 2011. Although exports of veneer and plywood as well as paper and paperboards declined slightly on decreased global demand, total exports were boosted by the performance of the wooden furniture sub-sector. The EU Timber Regulation, which will come into effect in March 2013, reduced the willingness to buy forward in the plywood sub-sector and caused some buyers to switch to non-tropical plywood in 2012.

A healthy trend for rubber gloves.

Malaysia's **rubber** products industry continued a healthy growth trend, exporting RM20.1 billion worth of products in 2012. The industry achieved a growth of 10.6 per cent despite price volatility due to domestic and global market demand and currency fluctuations. The Promoted Products List on rubber under the Promotion of Investment Act (PIA) 1986 was revised downwards to only cover investment in various types of tyres, safety or special function gloves and dry rubber products.

The **non-metalic** mineral industry achieved exports of RM5.8 billion in 2012, an increase of 1.2 per cent from 2011. Glass and glassware was the largest sub-sector in the industry, contributing 40.2 per cent of total exports, followed by the growing mineral manufactures sub-sector, which contributed 24.1 per cent of total exports. The advanced ceramics sub-sector has been identified as a potential growth area with linkages to high technology industries such as electronics and aerospace.

Meeting demand for processed foods

Malaysia's total exports of **food and beverages** remained stable at RM15.5 billion in 2012, almost the same as in 2011. The main exports in 2012 were RM3.3 billion in cocoa and cocoa preparations and RM5.0 billion in other processed food. Meanwhile, imports of food items grew 10.0 per cent to RM16.3 billion, including RM3.9 billion of other processed food, RM3.7 billion of sugar and sugar confectionery, and RM2.7 billion of dairy products. Seafood processors in the processed fish segment diversified into the production of higher value added products such as breaded and tempura seafood and achieved the necessary Hazard Analysis Critical Control Points (HACCP) certifications for export.

Demand for food and beverages remains high.

The **oil palm** products industry exported RM56.1 billion in products in 2012, an 13.3 per cent decrease from 2011. International demand was affected by uncertain global economic outlook and more competitive prices from Indonesian palm oil producers due to restructured export taxes.

Outlook: Value chain transformation

The second phase of the E&E NKEA was introduced in 2012 to further support the shift towards high technology products. New EPPs were added for areas such as solar photovoltaic (PV), embedded systems, and electric vehicle E&E component manufacturing. The phasing out of incandescent bulbs will continue in a second phase (2012-2013) which will open up new opportunities for LED manufacturers and suppliers of components in the LED ecosystem.

In 2013, the Malaysian chemical and petrochemicals industry is expected to make significant gains from the oil and gas (O&G) sector. The full utilisation of petrochemical zones in Kertih, Terengganu; Gebeng, Pahang and Pasir Gudang-Tanjung Langsat, Johor will provide feedstock at competitive prices for plastic manufacturers. New restrictions on mercury and other chemicals are being proposed in 2013, which will impact not only the chemicals industry but also the automotive and E&E industries.

With the current increase in non-equity modes of investment, Malaysia's engineering supporting industry is upgrading facilities and acquiring technologies to position itself as a one-stop centre for engineering services. The industry will also move toward gaining international certifications for the supply of parts and components for the aerospace, medical and solar/photovoltaic industries.

The World Steel Association has estimated that global steel consumption will grow from 2.1 per cent in 2012 to 3.2 per cent in 2013. Malaysia's steel industry may see an increase in long products consumption due to the increased growth of 6.6 per cent in the construction sector.

Increased demand for textiles and apparel in 2013 will help the local industry retain its position as one of the country's top ten export earners under the manufacturing sector. The anticipated conclusions of the Trans-Pacific Partnership (TPP) and Malaysia-EU Free Trade Agreement will provide better market access for Malaysia.

The International Tripartite Rubber Council agreed to implement the Agreed Export Tonnage Scheme with effect from October 2012. Under the scheme, Malaysia, Thailand and Indonesia will reduce a total of 300,000 tonnes of exports for the six-month period up to March 2013. Further investments into specific high-value and industrial sub-sectors have set the stage for growth in industrial rubber goods in the near future. The on-going review of the National Automotive Policy and the expected emphasis on export of motor vehicles and component parts will provide an impetus to tyre-based and rubber-based auto parts activities domestically.

As of 1 January 2013, Malaysia has reduced export duty on crude palm oil. This move will allow refineries to market their products at competitive prices to the global marketplace.

services:
empowering
growth, energising
the economy

services:empoweringgrowth,energisingtheeconomy

Malaysia's services sector experienced growth across all sub-sectors in 2012 and is on track to drive the country's economic transformation into a high-income nation.

Investments in training human capital are crucial for services sector growth.

The services sector continued to serve as the strongest engine of the Malaysian economy in 2012, contributing 54.6 per cent to the country's gross domestic product (GDP) compared with 54.2 per cent the previous year. Malaysia's services sector also pulled considerable weight in anchoring and supporting our economic expansion, contributing 3.5 percentage points of the country's overall GDP growth of 5.6 per cent in 2012.

The contribution of services grew by 6.4 per cent in 2012. Trade in services expanded 9.0 per cent to RM248.0 billion in 2012. Growth in the transportation and travel services moderated, due in part to the weak external demand from both the advanced and regional economies. Nevertheless, exports of services improved, pulled up by higher receipts from other services, including computer and information and communications technology (ICT) services by Malaysian companies.

While the services sector made substantial gains, the Government has greater expectations for the services sector in the years to come. In developed countries such as US, Japan and Singapore, the contribution of services to GDP is over 70.0 per cent. If Malaysia is to become a high-income nation, the services sector will need to take a bigger leap. In this context, the Economic Transformation Programme (ETP) targets the sector to contribute 65.0 per cent to GDP in 2020.

Wan Suraya Wan Mohd. Radzi

MITI Singapore

MITI Singapore organised and coordinated a series of high-level visits, meetings and activities for the Minister of International Trade and Industry, the MITI Deputy Minister (Trade) and senior officials. These visits coincided with positive sentiment in Singapore on investment opportunities in Malaysia, especially in Iskandar Malaysia. MITI also chaired and participated in numerous economic conferences, workshops and trade negotiations, assisted in setting up dialogue sessions and business meetings for business executives and government officials, and facilitated visits to Malaysia by various Singapore-based companies, trade offices, banking institutions and other organisations.

Energising investments

The services sector attracted the largest portion of approved investments into the economy last year, totalling RM117.6 billion, a 67.0 per cent increase compared with RM70.4 billion in 2011. The investment performance of the sector puts it on track with the Government's efforts to make the services sector the engine of Malaysia's economic growth. The 5,536 projects approved during this period are expected to create 103,180 job opportunities.

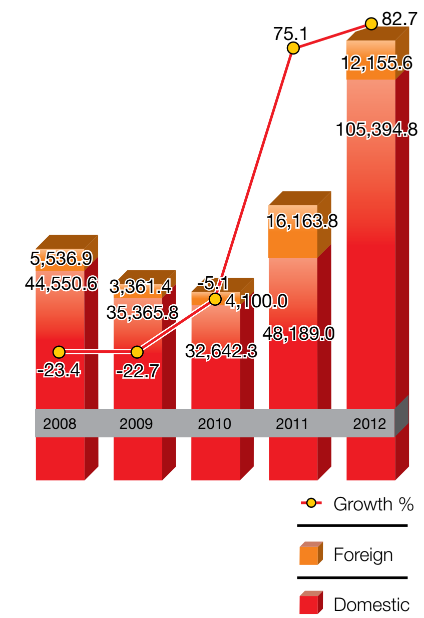
Once again, the real estate sub-sector was the leading contributor with RM58.8 billion worth of investments approved followed by the utility (RM12.6 billion), hotel and tourism (RM8.9 billion), transport (RM6.8 billion) and telecommunications (RM6.6 billion) sub-sectors. Strong growth in private consumption encouraged more investments in the consumer-related services sub-sectors. The tourism-related services sectors, including the healthcare and education services, received a boost in investments as a result of regional demand.

Domestic investments accounted for an 89.6 per cent share of approved investments with an impressive RM105.4 billion in 2012, more than double the domestic investments into the services sector in 2011. The remaining RM12.2 billion of approved investments came from foreign direct investment, down from RM17.9 billion in 2011, owing to the weaker global economic environment. However, the services sector will need to attract a greater share from foreign sources in the next seven years, as the ETP has targeted for foreign direct investment to account for 27.0 per cent of total investments by 2020.

Strong growth in trade

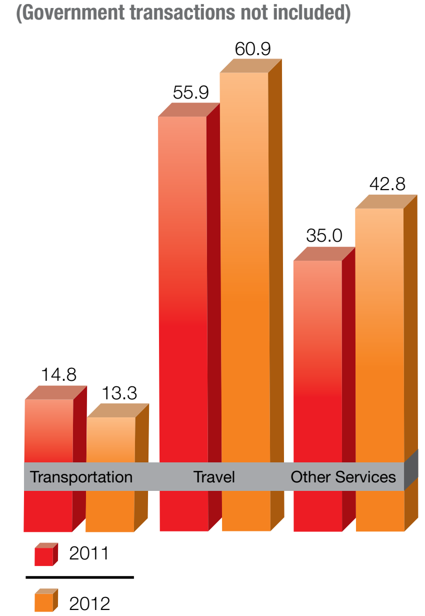
Investor interest in the services sector was matched by stronger trade growth in 2012. Malaysia's exports of services grew 5.8 per cent to reach RM117.0 billion, compared with RM100.6 billion in 2011. This increase was driven by a 24.1 per cent increase in exports of other services, comprising R&D, operational leasing, computer and information services, insurance & pension services and construction services. Meanwhile, imports rose for all services sub-sectors in 2012, led by an 18.0 per cent rise in other services, mainly due to strong domestic demand for operational leasing services and construction services. The increased services trade deficit can be attributed to higher payments for imported transportation services together with lower net travel receipts as more Malaysians travelled abroad.

Chart 18: Performance of Approved Investments in Services Sector, 2008-2012



Source: MIDA

Chart 19: Malaysia's Exports of Services, 2012 (RM Billion)
(Government transactions not included)



Source: DOSM

Doubling up on retail and distributive trade

Healthy domestic demand in 2012 was a contributing factor in the strong increase in investments in distributive trade. A total of 2,676 projects were approved with investments totalling RM4.9 billion, nearly twice as much as in 2011. Domestic investments totalled RM2.9 billion (59.2%), while foreign investments amounted to RM2 billion (40.8%). The sub-sector continued to grow, although the rate of growth slowed to 4.6 per cent in 2012, compared with 7.1 per cent in 2011.

A thriving business services sector

Business and professional services has been identified as a catalyst of high-income growth for Malaysia under the ETP. Real estate and business services maintained momentum, growing 7.1 per cent in 2012, up from 5.5 per cent in 2011. Residential real estate attracted RM58.8 billion in approved investments in 2012, more than triple the amount approved in the previous year.

In 2012, autonomous liberalisation measures, taken in 2009, began to pay off with the rapid growth of regional establishments. MIDA approved investments of RM2.0 billion in a total of 111 new regional establishments, comprising 14 Operational Headquarters, nine International Procurement Centres, one Regional Distribution Centre, 29 Regional Offices and 58 Representative Offices.

Table 2: Services Sector Performance at Constant 2005 Prices

	2011	2012p	2011	2012p
	Annual change (%)		Share to GDP (%)	
Services	7.0	6.4	54.2	54.6
Intermediate services	6.2	7.4	22.0	22.4
Finance and insurance	6.5	7.9	9.2	9.4
Real estate and business services	5.5	7.1	5.4	5.5
Transport and storage	5.4	4.9	3.7	3.6
Communication	7.6	9.1	3.7	3.8
Final services	7.5	5.7	32.2	32.2
Wholesale and retail trade	7.1	4.6	14.4	14.3
Accommodation and restaurant	6.0	5.4	2.5	2.5
Utilities	3.1	4.3	2.5	2.5
Government services	12.4	9.6	7.7	8.0
Other services	4.7	3.9	5.1	5.0

p Preliminary

Source: Bank Negara Malaysia Annual Report 2012

"There needs to be more interaction with industry. Today, universities are not just for learning about theory; more importantly, they provide students with experience."

– Mustapa Mohamed, Minister of International Trade and Industry, Utusan Malaysia, 12 December 2012

Communication services grew 9.1 per cent in 2012, up from 7.6 per cent the previous year. The expansion of the ICT services sub-sector had a major impact on both upstream and downstream business activity. During 2012, broadband penetration rose to 66.0 per cent of households compared with 62.3 per cent the previous year, while cellular phone penetration rose to 141.6 per cent compared with 127.7 per cent in 2011. Total investments in this sub-sector amounted to RM6.6 billion, all from domestic sources.

Steady traffic flows

The transport sub-sector covers maritime transport, aviation, highway construction and maintenance. During 2012, a total of 60 projects were approved in the transport sub-sector, with investments of RM6.8 billion. Air passenger traffic rose by 4.9 per cent to 68.5 million passengers in 2012. Air cargo handled decreased by 1.7 per cent in the same year.

The five maritime ports of Klang, Penang, Kuantan, Bintulu and Tanjung Pelepas were responsible for 80.5 per cent of the total of 369.3 million freight weight tonnes (FWT) in the first three quarters of 2012. The five ports contributed 92.2 per cent of the total container handling throughput of 15.4 billion twenty-foot equivalent units (TEUs) during the same period.

Tourist arrivals held steady in 2012, growing 1.3 per cent to 25.0 million in 2012. MIDA approved a total of 79 projects with total investments of RM8.9 billion in the hotels and tourism sub-sector. Domestic investments made up 96.6 per cent of this figure.

Autonomous liberalisation of healthcare is part of a greater strategy for expanding the services sector.

The healthcare sub-sector, which covers private hospitals and clinics, was one of the sub-sectors liberalised during 2012. MIDA approved six private hospitals and clinics involving investments of RM340.0 million, down from RM712.5 million in 2011.

A blueprint for acceleration

To achieve the growth target for the services sector, the Tenth Malaysia Plan has laid out several strategies to expand new sources of growth, liberalise the services sector, promote good regulatory practices, develop SMEs as the engine of growth, promote market expansion, enhance productivity through innovation and improve access to financing.

In December 2012, the **Blueprint of the Services Sector** was finalised. The Blueprint is intended to accelerate Malaysia's growth in trade of services through three intermediate goals. First, the Blueprint aims to raise worker productivity, doubling value-added per worker from US$18,000 in 2010 to US$36,000 by 2020. Second, the value-added of services and contributions of services to the value of other exports is to double from US$35.0 billion in 2007 to US$70.0 billion by 2020. Third, the Blueprint emphasises the development of knowledge-intensive service industries and is intended to grow their share within the services sector from 59.0 per cent in 2010 to 70.0 per cent by 2020. The Blueprint also included a comparative analysis of the restrictiveness of services regulations compared with 103 other countries. The Blueprint focuses on the implementation of previously-identified strategies for developing the services sector, with an emphasis on coordination, added value, market access reform, export promotion and knowledge-intensive services development.

From liberalisation to expansion

The Government's on-going effort to empower growth with the services sector includes the autonomous liberalisation of a number of sub-sectors. Following the liberalisation of 27 sub-sectors in 2009, a further 15 services sub-sectors were autonomously liberalised in 2012, and three more are scheduled for 2013 (see Table 3). These actions will create more conducive market conditions for domestic industry and attract greater foreign direct investment.

During 2012, the Malaysia Productivity Corporation (MPC) performed a mapping exercise on the approval processes for the 18 services sub-sectors and presented the outcomes to the National Key Economic Areas (NKEA) Steering Committees on Business Services, Education and Healthcare. The results of the exercise will help the relevant ministries and agencies to improve on the processes.

Table 3: Sub-sectors Liberalised

Liberalisation status	Sub-sectors
Liberalised in 2012	• Telecommunications – Applications service providers (ASPs) • Telecommunications – Network facilities providers (NFPs) and network service providers (NSPs) • Courier services • Private higher education services with university status • International schools • Technical and vocational secondary education services • Technical and vocational secondary education services for students with special needs • Skills training services • Private hospital services • Stand-alone specialised medical clinic services • Stand-alone specialised dental clinic services • Departmental stores and specialty stores • Incineration services • Accounting and taxation services • Legal services
To be liberalised in second quarter of 2013	• Architectural services • Engineering services • Quantity surveying services

Of the 27 previously liberalised sub-sectors, investment data showed that the highest growth in investment came from the hotel and tourism sub-sector, with RM8.6 billion in domestic investment in 2012, an increase of nearly four times compared to 2011. The largest growth in foreign investment came from the operational headquarters (OHQ) sub-sector, with RM1.2 billion in 2012, an eightfold increase from 2011 (see Table 4).

At present, data on trade and investment in services is drawn from Department of Statistics Malaysia (DOSM), Bank Negara Malaysia (BNM), Malaysian Investment Development Authority (MIDA), Ministry of Tourism (MOTOUR) and Ministry of Domestic Trade, Cooperatives and Consumerism (KPDNKK). To ensure the quality of the data, The Working Group on Services Statistics (WGSS), chaired by the Economic Planning Unit (EPU), Prime Minister's Department, is working on overcoming data gathering issues such as classification of sub-sectors, data gaps, and standardisation of investment data. The DOSM is currently carrying out a re-mapping exercise of liberalised sub-sectors to ensure that data will be available once autonomous liberalisation is fully implemented.

The **Malaysia Services Development Council (MSDC)** is responsible for monitoring and ensuring the effective implementation of services liberalisation. Chaired by the Minister of International Trade and Industry and consisting of members from other relevant ministries, the Special Task Force to Facilitate Business (PEMUDAH) and the private sector, the MSDC will continue to focus on the liberalisation agenda, trade promotion and the negotiation, implementation and administration of trade agreements. Moving forward, EPU is targeted to take on oversight of coordination between MSDC members, policy proposals, domestic efforts, international trade and investment policies, and inputs from the private sector.

In 2012, MITI launched a dedicated services webpage which serves as a central source for updated information on services sector development in Malaysia, including initiatives under autonomous liberalisation and free trade agreements. MITI also commissioned a study on the domestic regulatory environment in the services sector, which will provide practical recommendations on regulatory improvements to promote selected industries such as medical tourism and private higher education.

Table 4: Investment in Liberalised Sub-sectors

No.	Sector/Sub-sector	2012		2011	
		Foreign Investment (RM Million)	Domestic Investment (RM Million)	Foreign Investment (RM Million)	Domestic Investment (RM Million)
1.	Operational headquarters	1,153.2	60.5	127.4	35.5
2.	International procurement centres	111.8	454.3	60.4	10.1
3.	Regional distribution centres	111.7	0.0	10.1	0.0
4.	Regional offices	51.3	0.0	24.3	0.0
5.	Representative offices	93.0	0.0	23.9	0.0
6.	R&D projects	213.8	503.6	1.0	6.6
7.	Integrated logistic services	0.0	160.2	0.0	9.2
8.	Integrated market support services	0.0	0.0	2.5	0.0
9.	MSC status	0.0	0.0	927.3	1,585.8
10.	Hotel and tourism projects	320.6	8,569.9	93.1	1,826.7
	TOTAL	**2,055.4**	**9,748.5**	**1,270.0**	**3,473.9**

The Government collaborated with Malaysian service provider organisations through the Malaysian Service Providers Confederation (MSPC) in 2012, gathering input and feedback on development policies, proposed incentives and implementation issues. The MSPC provides outreach programmes, training programmes, certification, benchmarking exercises, special studies and other programmes to support the service sector.

MITI's outreach and seminar programmes helped to create awareness about liberalisation initiatives in 2012. These programmes included the National Seminar on Domestic Regulations for Services Sector under WTO, outreach programmes to several states with the MSPC, a competitiveness seminar and a *turun padang* (outreach) visit to GDEX Sdn Bhd.

Acting on key challenges

MITI and its agencies have identified several key challenges to be overcome in the services sector: shortages and mismatches of skills, a low rate of technology adoption due to barriers to access, a high level of restrictiveness in the policy environment, untapped potential for services exports, and weaknesses in the institutional framework and governance structure for developing the services sector.

To overcome these challenges, MITI and the agencies have proposed a number of strategies and action plans.

Outlook: New avenues for services

The Government will continue to explore the potential of knowledge-intensive services in NKEAs with linkages to other sectors of the economy, particularly under-developed sectors and sub-sectors where Malaysia has already developed competencies. These include oil and gas, Islamic finance, solar panel manufacturing and telecommunications, which can benefit from local services such as information technology, education, business services, environmental services and content development. In addition, geographical areas such as Iskandar Malaysia present growth opportunities for business and professional services, aviation services, education services and logistics.

Reduced regulatory restrictions and closer trade ties in the region will help boost the services sector in 2013. The Government will implement the autonomous liberalisation of architectural services, engineering services and quantity surveying services. With nine ASEAN member states participating in Mutual Recognition Agreements (MRAs) on Engineering Services and Architectural Services, professionals in these sub-sectors will enjoy more opportunities to work across the region.

While external demand is expected to recover slowly in 2013, Malaysia's services sector should maintain continued expansion in pace with the overall projected GDP growth of 5.0-6.0 per cent, due to healthy growth in domestic demand.

Strategies to Enhance the Services Sector

Strategy 1
Enhance Human Capital Development

- Leverage on MIDA's special division on talent development.
- Implement the SME Masterplan's four related initiatives on HR development.
- Establish Centres of Excellence in Project Management, Service Management and other areas that cut across the services sector.

Strategy 2
Access to Technology

- Collaborate with SME Corp to support research and development, technology adoption and technology acquisition by SMEs.
- Encourage companies to utilise the Domestic Investment Strategic Fund (DISF) under MIDA for technology adoption and innovation.
- Accelerate the rollout of the National Broadband Plan.

Strategy 3
Create a Conducive Regulatory and Operating Environment

- Draw up an implementation schedule for the Domestic Regulations study.
- Improve processes for setting up businesses for the liberalised services sub-sectors.
- Establish the Services Trade Restrictiveness Index (STRI).
- Implement the National Policy on the Development and Implementation of Regulations.

Strategy 4
Leverage Malaysia's Regional Markets to Grow Exports

- Focussed export promotion for services without their own promotional agencies or strong associations.
- Find home-grown champions in high value-added sub-sectors.
- Assist SMEs venturing into new markets.
- Leverage Malaysia's regional markets to improve access.

Strategy 5
Review Incentives Framework

- Evaluate the effectiveness of fiscal and other incentives.
- Create a one-stop portal with comprehensive information on all incentives by the various agencies and authorities.

Strategy 6
Strengthen the Governance Structure

- Strengthen the overall coordination of the Blueprint's implementation with a mandate for MSDC oversight.
- Enhance the MSDC's role in monitoring the development of services statistics.

high impact programmes for entrepreneurs

highimpactprogrammesforentrepreneurs

Malaysia's small and medium enterprises (SMEs) contribute 32.0 per cent to the country's GDP, and this figure is targeted to reach 41.0 per cent by 2020. To achieve this target, SMEs will need to make great strides in productivity and innovation. The Government is committed to help SMEs reach their full potential with high impact programmes and other activities, as outlined in the SME Masterplan.

SMEs in Malaysia are uniquely positioned to benefit from the many opportunities created in the Entry Point Projects (EPPs) under the Economic Transformation Programme (ETP), particularly in the education, healthcare, retail, agriculture and oil and gas services sub-sectors. SME Corporation Malaysia (SME Corp. Malaysia) is the coordinator and champion of the national agenda for SME development. In 2012, SME Corp. Malaysia fulfilled its duties as the central coordinating agency for overall SME development across all economic sectors, overseeing the implementation of 139 programmes with a financial expenditure of RM 8.7 billion. These programmes and activities involved the concerted offers of more than 15 Ministries and 60 agencies.

A catalysing Masterplan

On 12 July 2012, the Government launched the SME Masterplan, which is intended to boost the GDP contribution of Malaysian SMEs from 32.0 per cent to 41.0 per cent by 2020. The Masterplan defines the overall policy direction for SME development until 2020, with the aim of achieving a high income nation in line with the New Economic Model. No entrepreneur will be left behind, as the Masterplan will cover all SMEs across all sectors, strategic areas, ethnic groups and geographical locations.

Based on a vision of creating globally competitive SMEs that enhance wealth creation and increase the social well-being of the nation, the SME Masterplan consists of four strategic goals: increasing business formulation, intensifying formalisation of SMEs, raising SME labour productivity and expanding the number of high-growth and innovative firms. To achieve these goals, the Masterplan's initiatives will address six performance levers: innovation and technology adoption, human capital development, access to financing, market access, legal and regulatory environment, and infrastructure.

"The SME Masterplan aims to enhance the contribution of SMEs to the national economy and elevate the industry to greater heights."

– Mustapa Mohamed, Minister of International Trade and Industry, The Star, 10 December 2012

The SME Masterplan is both outcome-focused and evidence-based, and will follow a "live plan" concept that adapts to changes and new data. The Masterplan will depend on strong public-private partnerships with shared responsibility and accountability, with the Government acting as a facilitator and catalyst for the Masterplan's programmes.

High Impact Programmes, SME Masterplan

HIP 1: Integration of registration and licensing of business establishments
- Integrate national registration and licensing systems into a one-stop registration point

HIP 2: Technology Commercialisation Platform (TCP)
- Promote innovative ideas from proof of concept to commercialisation

HIP 3: SME Investment Programme (SIP)
- Provide early stage financing for new SMEs in the form of debt, equity or a hybrid of both

HIP 4: Going Export (GoEx)
- Offer customised support for exporters and SMEs that have export-ready products and services

HIP 5: Catalyst Programme
- Create home-grown champions with targeted support in financing, market access and human capital development

HIP 6: Inclusive Innovation
- Provide handholding and support to empower microenterprises and transform the rural community

To achieve the goals of the SME Masterplan, a total of 32 initiatives have been proposed, led by six High Impact Programmes (HIP).

Other key initiatives include creating demand for SME products and services, promoting resource pooling and shared services, reducing information asymmetry, building capacity and knowledge of SMEs, and specific measures for East Malaysia. To drive the agenda of the Masterplan, SME Corp. Malaysia is being strengthened and enhanced to provide greater institutional support, in the form of a reliable database, an effective monitoring and evaluation system and enhanced coordination and business support. A total of RM30.0 million will be allocated for the implementation of the Masterplan in 2013.

SME performance in the spotlight

SME Corp. Malaysia uses the SME Competitiveness Rating for Enhancement (SCORE) as a tool for evaluating and rating SMEs based on their business performance and capabilities. Companies are rated from 0-Star to 5-Star, and SMEs rated at 2-Star or less are given handholding assistance to build capacity and capability, while SMEs with ratings of 3-Star or more will be selected to participate in trade missions and linkage programmes to nurture them into global players. A total of 2,928 SMEs were rated under SCORE in 2012, with 47.0 per cent of SMEs achieving 3-Star and above, as opposed to 39.2 per cent in 2011.

Another assessment tool, Micro Enterprise Competitiveness Rating for Enhancement (M-CORE), is used to identify the performance of micro enterprises in four main areas: business performance, financial capability, operation and management. In 2012, 480 micro enterprises were evaluated with M-CORE, with five participants achieving a Level 3 rating.

Shuhardi Turaz Radzik Aznan

MITI Perak

During 2012, MITI Perak organised numerous awareness talks and seminars for state exporters and the private sector, including programmes on cyber threats, self-certification and online business applications. MITI Perak collaborated with Bank Negara Malaysia and Invest Perak to organise a Pocket Talk on Renminbi (RMB) to encourage local exporters to use the currency as they explore the Chinese market. MITI Perak further strengthened ties among agencies and GLCs by receiving an 80-member delegation from the Narathiwat Chamber of Commerce in Thailand in conjunction with the yearly IMT-GT programme.

The Business Accelerator Programme (BAP) and the Enrichment & Enhancement Programme (E2) are initiatives for assisting SMEs and micro enterprises through assessment, capacity building, business advisory services and financial assistance advisory services. BAP caters for SMEs with ratings of 2-Star or higher under SCORE, while E2 is intended for micro enterprises with ratings of Level 3 and below under M-CORE. Under the BAP and E2 Development Programme, various improvement activities with direct financing of up to RM22.5 million have been approved for 333 companies. These activities include assessment of companies, capacity building, business advisory services and advisory services for financial assistance access.

The One Referral Centre (ORC) serves as a focal point to connect SMEs with all of the programmes available in SME Corp. Malaysia and other relevant Ministries, agencies, banks, developmental financial institutions and associations. A total of 3,986 visitors visited ORC in 2012.

SME Corp. Malaysia also organised Microfinancing Open Day (MFOD) in eight states including Kuala Lumpur, providing information about microfinancing to 1,531 SMEs. In addition, 132 Pocket Talks were conducted for a total of 4,304 participants. Microfinancing was offered through both the BAP and E2 Development Programme.

Success through market access

MITI through SME Corp. Malaysia continued the tradition of holding the **SME Innovation Showcase (SMIDEX)** in 2012. Titled "SMEs Shaping the Future", the showcase served as a platform to introduce SME Week, a nationwide promotion that raised the visibility of the country's SME products and services among consumers. A total of 87 SMEs benefitted from business matching sessions in SMIDEX 2012, up from 75 SMEs in business matching sessions in SMIDEX 2011. SME Corp. Malaysia successfully recorded potential sales of RM247.5 million from business matching sessions at SMIDEX 2012, a 27.1 per cent increase from the previous year.

SME Corp. Malaysia also collaborated with hypermarkets to give local SMEs the opportunity to promote their products overseas. A total of 67 SMEs benefitted from these sessions, which were conducted with South Korea Tesco and Malaysian Brand Outlet (MBO) Singapore. Products that succeeded in gaining access into the outlets came from the food and beverages sub-sector and included ready-to-eat products, cordials and ready-to-drink products, and potato chips. Other products that benefitted from the sessions included accessories and personal care and beauty products.

SME Corp. Malaysia in collaboration with Multimedia Development Corporation (MDeC) and POS Malaysia organised workshops designed to acquaint SMEs with best practices for online business processes. This online business linkage programme was conducted in line with the Government's vision of moving towards e-commerce and encouraging young entrepreneurship, giving SMEs the opportunity to become familiar with the Business-to-Business (B2B) and Business-to-Customer (B2C) environments. In total, four workshops were organised in 2012 with the participation of 247 SMEs. The programme has seen a 45.0 per cent enrolment rate of participating SMEs in online marketing.

To further forge business opportunities and linkages for SMEs, SME Corp. Malaysia organised an offset programme with MRT Corp, comprising a business matching session that attracted 28 SMEs from various categories, including railway rolling stock, crane and hoist and E&E. The session generated potential sales of RM37.5 million.

The **National Mark of Malaysian Brand** was created by SME Corp. Malaysia together with its partner, SIRIM QAS International, to strengthen the brand of SME products and services by promoting their quality, excellence and distinction. From the inception of the programme on 2 March 2009 until November 2012, a total of 55 companies have been certified with the National Mark of Malaysian Brand. The Mark has helped SMEs to expand into overseas markets such as Indonesia, the Philippines, Thailand, China and Middle Eastern countries.

During 2012, SME Corp. Malaysia also organised four workshops on developing brand manuals and eight Halal Malaysia Certification Seminars. In addition, the Branding and Packaging Mobile Gallery conducted 25 trips for creating awareness and providing advisory services to rural entrepreneurs across the country. The "Brand Transformer" glider for the Branding and Packaging Mobile Gallery was also launched in 2012 and will be incorporated into the programme starting in 2013.

Developing innovation and capacity

Malaysian entrepreneurs were encouraged to venture into high-technology and innovation-driven industries through SME Corp. Malaysia's technology development programmes, particularly the **1-InnoCERT Programme**. The programme received 340 online registrations in 2012, out of which 33 companies were successfully certified after on-site auditing by SIRIM Berhad. Certified 1-InnoCert SMEs were also selected for participation in the SME Innovation Award at SMIDEX 2012. The Top Most Innovative SME award and Best Innovation Award in Manufacturing went to Penchem Technologies Sdn Bhd. The other category winners were Dream Catcher Consulting Sdn Bhd, ViTrox Technologies Sdn Bhd, Testhub Sdn Bhd, JG Biotech Sdn Bhd and Return 2 Green Sdn Bhd. A total of five companies also received approved credit facilities under the Green Lane Policy. This policy is designed to incentivise and acknowledge the contributions of innovative local SMEs through a financing facility, tax incentives, access to government procurement and access to Ministry of Finance procurement. To date, eleven 1-InnoCert companies have applied for incentives, and a total of RM179.4 million in incentives have been approved.

To bring Malaysia to the forefront of the LED/SSL industry, the Government has assigned SME Corp. Malaysia the task of implementing the **Green LED/SSL Programme (EPP 10**) under the Electric & Electrical NKEA, which aims to grow local LED/SSL companies into global champions. In 2012, SME Corp. Malaysia was able to identify one potential champion, Eco Tech LED Sdn Bhd, which received assistance for Product Safety Engineering (PSE) Certification and automated assembly line equipment, and subsequently was successful in penetrating the Japanese market.

Success Stories

Coffeeland Sdn Bhd

Coffeeland is a beverage manufacturer that markets the Java Blenz range of ice-blended drinks. Founded in 1998 in Bandar Puteri Puchong, Selangor, the company developed and expanded its line of beverages through strategic partnerships. Today, its products can be found at kiosks, cafés and restaurants.

Coffeeland was certified by SME Corp. Malaysia to carry the National Mark of Malaysia Brand in 2010. The company leveraged on the National Mark to gain market attention and secured a deal with a distributor in Indonesia.

Moving forward, Coffeeland intends to partner with more overseas distributors as it works toward achieving its vision of becoming the leading home-grown manufacturer of premium ice-blended coffees and beverage solutions.

Fire Fighter Industry Sdn Bhd

Fire Fighter is the industry leader in the manufacture, installation and maintenance of a full range of fire protection systems and relevant equipment. Established in 1974, the company has received various ISO certifications and gained the trust of its customers by delivering quality products and services. Fire Fighter ventured into the manufacture of portable fire extinguishers in 1996.

SME Corp. Malaysia certified the company to carry the National Mark of Malaysian Brand in 2010. Fire Fighter Industry Sdn Bhd expanded its advertising and promotional activities with the RM100,000 in incentives it received from SME Corp. Malaysia as part of the award. Backed by the national mark of quality and excellence, Fire Fighter has since entered into a partnership with Shell Malaysia Ltd. that allows customers to acquire its products from Shell LPG Gas dealers. The company also participates in nationwide Shell road shows.

With SME Corp. Malaysia's support, Fire Fighter is prepared to market its world-class products and services to a wider market. The company has started exporting to neighboring countries such as Brunei and Indonesia and is also targeting Myanmar and other ASEAN countries.

New Technics Car Audio Sdn Bhd

New Technics is a leading wholesaler of car audio products based in Shah Alam, Selangor. Established in 1977, the company carries well-known names such as Mohawk, DLS, Kicker, Uncle Sam and MTX. New Technics currently has over 400 dealers in Malaysia, China, Brunei, Singapore and Thailand with an annual sales volume of US$2.5 million.

In 2011, SME Corp. Malaysia certified New Technics with the National Mark of Malaysian Brand for its Mohawk brand of amplifiers, subwoofers, equalisers and accessories. The company's profile and reputation has increased tremendously with the certification, and it now promotes its products to new dealers and interested parties through Malaysia Airlines' in-flight magazine and other avenues.

The company's association with the National Mark has spurred it to enhance customer satisfaction, diversify its product range and intensify its efforts to become a leader in the local car audio industry.

ProEight Offshore Engineering Sdn Bhd

ProEight, winner of the Most Innovative SME award at the 1-InnoCERT competition in 2011, is a company built on an innovation culture. ProEight is constantly innovating its products and testing apparatus to keep one step ahead of its competitors. The company also attracts skilled working professionals, especially engineers for increasing its R&D capabilities, further contributing to its innovation edge.

The high quality of ProEight's engineering services and patented mechanical seals have helped it to win new contracts and extensions of existing contracts. The company is currently appointed as a vendor under the Petronas Vendor Development Program (VDP) and also has contracts with Vinyl Chloride (Malaysia) Sdn Bhd, Sarawak Shell Berhad (SSB) and Sabah Shell Petroleum Company (SSPC), among others.

The recognition from the Most Innovative SME Award has boosted ProEight's visibility at the international level. The company has currently established business relationships with Petronas (Thailand) Co. Ltd, Petronas Carigali (Turkmenistan) Sdn Bhd, Petroleum Development of Oman (PDO), ProEight International AG Zurich, Switzerland and ProEight – Oman Joint Venture (JV) Muscat, Oman. ProEight also participated in SME Corp. Malaysia's Enterprise 50 Award programme in 2012 and was ranked 24th among the 50 winners.

Malaysia is an attractive higher education destination.

In 2012, various Government agencies conducted technology roadmap studies to identify gaps in four industry sub-sectors: Food and Packaging, Electrical and Electronics Opportunities, Technology in Halal Packaging and Technology Insight. A total of 300 participants from SMEs attended seminars for these four roadmaps.

Recognising that SMEs need human capital to develop and grow, SME Corp. Malaysia continues to facilitate the Skills Upgrading Programme, in line with the Government's initiatives to develop local knowledge workers and create a high-income economy. The programme, which is offered through 44 appointed Skills Development Centres and Professional Training providers, successfully trained 6,816 SME employees in 2012.

Higher education institutions continued to play an important part in SME development through the **SME@University** Programme. The programme completed three sessions in 2012 (SME@UiTM, SME@UPM and SME@UIAM) with a total of 64 SMEs involved. The programme was based on the expertise and best practices from Tokyo SME University, implemented by SME Support Japan. The Government also continued to support the SME-University Internship Programme, which involved 13 universities, 330 students and 60 SMEs in 2012. SME Corp. Malaysia took the programme to the next level with the SME-University Internship Championship, which awarded the best Junior Consultants for the first time, based on their achievements with the respective SMEs.

Success Stories

Wysen Industry Sdn Bhd

Wysen is a designer and manufacturer of high-quality office furniture for large corporations and SMEs. The company, founded in 1999 and based in Bandar Bukit Puchong, has established a steady export market in Southeast Asia, Africa and the Middle East. Wysen recently expanded its product line to include a range of modular furniture systems.

The company received more attention from the international office furniture market and increased its customer base after being certified to the National Mark of Malaysian Brand in 2011. Certification also helped the Wysen workforce become more accustomed to working with SMEs, thanks to specialised staff meetings and seminars with SME Corp. Malaysia.

Inspired by the National Mark certification, Wysen aims to develop revolutionary products that help enhance its customers' working environment.

Fitrah Food Manufacturing Sdn Bhd

Fitrah Food is a food manufacturing company based in Subang Jaya, Selangor specialising in *cincau*, herbal *cincau* and seaweed and lemon-based beverages. The company, which commenced operations in 2003 with RM300,000 in start-up capital, operates from a 7,000 sqf factory that runs two production lines producing an average of 10,000 drinks a day.

Fitrah Food was among the first SMEs to join the Groom Big programme under MITI in 2006. Taking advantage of the programme's quality improvement, packaging and labelling and halal compliance training sessions, Fitrah Food enhanced its products and capabilities and began expanding operations. Today, the company delivers its beverages daily to over 100 Mydin outlets nationwide as well as 260 Mesra Petronas outlets and several convenience stores in the Klang Valley.

Boosted by the Groom Big programme, Fitrah Food was endorsed as a 1Malaysia Best Brand and achieved RM3.2 million in sales in 2012. Moving forward, the company hopes to achieve a RM3.8 million sales target in 2013

Seasonings Specialities Sdn Bhd

Seasonings Specialities produces and distributes food seasonings, spice oleoresins, essential oils, natural colours and food flavours for the food processing industry. Founded in 1997 and located in Kepong, Kuala Lumpur, the company has increased its range over the years to include over 200 seasoning-related products.

Since being certified as a National Mark of Malaysian Brand company in 2012, Seasonings Specialities has seen its reputation enhanced both locally and internationally. The company has leveraged on the certification to work with a Bangladesh-based company on product development for snack foods.

With the support of SME Corp. Malaysia, Seasonings Specialities is looking forward to making a bigger impact in both domestic and worldwide markets.

Smart Reader Worldwide Sdn Bhd

Smart Reader Worldwide is a market-leading early childhood education franchise provider that has found success through its well-known Smart Reader Kids brand of preschool education programmes. The company, which started in the franchising industry a decade ago, currently has about 300 Smart Reader Kids centres in operation nationwide, with another 150 centres overseas.

In 2010, Smart Reader Worldwide was certified to National Mark of Malaysian Brand and received a total of RM100,000 in incentives from SME Corp. Malaysia for advertising and promotional purposes. Propelled by the prestige and credibility of the certification and the continuous upgrading of its education programmes, the company has seen its success and reputation grow.

Today, Smart Reader Kids has established a presence in Amman, Jordan and is planning to expand its business activities to Thailand, Bahrain and Indonesia.

The SME Mentoring Programme was created in collaboration between SME Corp. Malaysia, Nestlé and the Halal Industry Development Corporation (HDC) to share best practices and knowledge for SMEs in the halal food and beverage industry. In 2012, four sessions were conducted for a total of 56 SMEs.

The SME Expert Advisory Panel (SEAP) programme continued to provide technical and business advisory services to SMEs. In 2012, SEAP experts provided expert guidance and assistance in improving operations and practices to a total of 30 projects involving 17 SMEs.

The Micro, Small and Medium Enterprise Assembly was a public outreach programme organised by the Government in 2012 to promote the growth of micro, small and medium enterprises and to elevate the living standards of the nation. The three sessions of the programme generated sales of up to RM1.3 million and provided an avenue for Ministries, agencies and financial institutions to engage with entrepreneurs and learn about their needs.

Halal endeavours

Malaysia's halal entrepreneurs have the potential to tap into the global halal products market, which is currently estimated at US$2.3 trillion, covering both food and non-food sectors. MITI through the HDC acts as a coordinator to build upon this potential by advancing the development of halal standards, facilitating capacity building, and promoting Malaysian halal product companies.

Under the HDC, investments in the halal industry have been focused into Halal Parks throughout the country, in which park operators are able to apply for halal incentives. In 2012, a total of six "HALMAS" accredited Halal Parks in the country increased total investment to RM1.0 billion, made up of 16 projects approved.

The HDC was also active in incubation, promotion, training and consultancy for halal entrepreneurs in 2012. Over the course of the year, the HDC nurtured a total of 456 companies under its Halal Business Transformation (HBT) programme, trained 15,521 Halal Knowledge Workers in halal compliance and halal processes acknowledged by the Department of Islamic Development Malaysia (JAKIM), produced 351 Halal Executives and created 532 halal certification-ready companies.

To support innovation in the halal industry, MITI through HDC organised the World Halal Research Summit (WHR 2012), with the theme “Innovation as Catalyst for Business Transformation”. HDC also organised a WHR Innovation Exhibition in collaboration with Agensi Inovasi Malaysia to showcase product prototypes for the halal industry. As part of its drive to make Malaysia the global halal reference centre, the HDC through the Global Halal Support Centre also launched Part 1 and 2 of its Halal Data Warehouse system in 2012.

Competitive entrepreneurship

During 2012, MITI’s activities for developing more competitive Bumiputera entrepreneurs involved 247 programmes supported by the efforts of eight Ministries and 31 agencies. A total of RM5.7 million was allocated for these Bumiputera entrepreneurial development activities.

SME Corp. Malaysia’s key programmes for Bumiputera SMEs in 2012 included the **Bumiputera Enterprise Enhancement Programme (BEEP)**, a business delegation to Uzbekistan and IPO Seminar 2012 in collaboration with Bursa Malaysia and the Bumiputera Agenda Coordinating Unit (TERAJU). In addition, SME Corp. Malaysia initiated a smart partnership with TERAJU to enhance development of High-Performing Bumiputera Companies Programme (TeraS) companies, with a total of RM196.0 million worth of financing made available.

The **Entrepreneurial Development Division (BPU**) in MITI serves as the focal point for developing policies and programmes for all MITI agencies involved in Bumiputera entrepreneurial development. As an accompaniment to the SME Master Plan, the BPU produced the **Bumiputera Entrepreneurial Development Roadmap** as both a business model and a reference to guide, promote and strengthen the Bumiputera Development Agenda.

The Entrepreneurial Development Roadmap is aimed at developing competitive and sustainable Bumiputera entrepreneurs through five stages: acculturation, creation, enhancement, strengthening and global competitiveness.

Success Stories

Petroclamp Sdn Bhd

Petroclamp is an innovative service provider in the oil and gas industry focusing on downhole products for oil wells. Located in Taman Perindustrian Zurah, Rasa, Selangor, this 100% Bumiputera company has provided R&D, petrochemical engineering, completion technology and directional drilling for the oil and gas industry since its founding in 2008.

In 2010, Petroclamp began pioneering the development of the first ever dual cable protector product in the oil and gas industry, the Downhole Controline Protector. MITI facilitated Petroclamp’s innovation through the Vendor Development Programme (VDP) in May 2011, giving the company access to a MITI training grant worth RM39,600 including consultation, advisory and technical support from SIRIM.

Petronas Carigali showed its confidence in Petroclamp by granting the company four pilot well projects in December 2011. Since then, Petroclamp has successfully expanded its market to include several leading companies, delivering its first batch of products to Schlumberger in June 2012. In August 2012, Petronas approved Petroclamp’s license.

SDSI Entrepreneurs in Collaboration with Mydin

Under SDSI, several local entrepreneurs reached wider markets and grew their business by collaborating with Mydin, providing them with a vital sales platform.

Fitrah Food Manufacturing Sdn Bhd markets its cincau beverages through Mydin’s supermarket network. The company’s sales through Mydin are on a continuous rise and have now reached RM1.5 million annually.

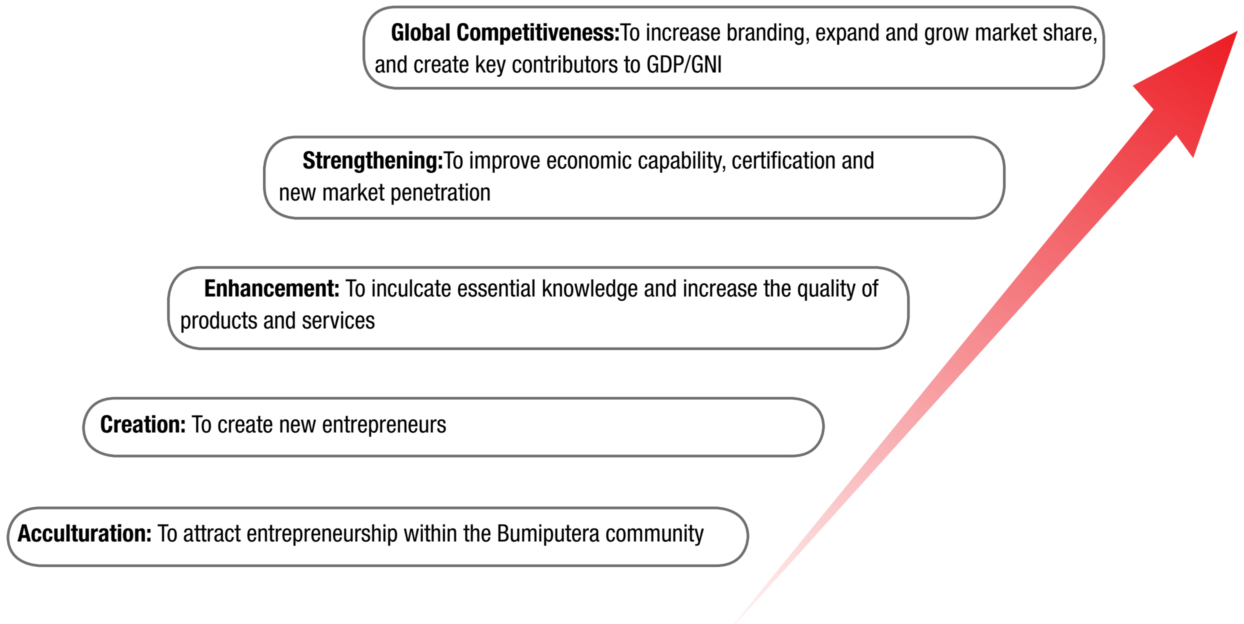
AJ Food Industries (M) Sdn Bhd is the first Bumiputera SME to introduce a mayonnaise product in the local market, under the Jasma Mayo Bite brand. The Selangor-based company began marketing its product through Mydin supermarkets in 2006. Total sales of its products through Mydin rose from RM17,000 in 2006 to RM290,000 in 2011.

Founded in Perak in 1999, **Peneram Asli Enterprise** is a producer of mini curry puff products. Through partnership with Mydin, the company has achieved sales of RM200,000 annually, compared with its initial sales of RM5,000.

My Keropok House Trading Sdn Bhd, a producer of frozen fish *keropok*, was founded in Selangor in 2001. The company has come a long way since introducing its product in Mydin with annual sales of RM160,000, in 2011, compared with sales of RM5,000 in its first year.

Shahrinie Foods Industries is a traditional *kuih* manufacturer operating in Perak, which achieved success by marketing its coconut biscuit product through Mydin supermarkets. The company’s latest sales figures reached RM70,000 annually.

Entrepreneurial Development Roadmap



Fostering an entrepreneurial nation

In 2012, the **National Entrepreneurial Institute (INSKEN)** supported the Roadmap by conducting programmes for a total of 20,717 participants. INSKEN conducted activities to support the acculturation, creation and enhancement stages of the Roadmap.The acculturation programmes consisted of the Basic Entrepreneurship Course for Undergraduates, Hands-on Entrepreneurial Training, the Go Halal Programme, and the 1Malaysia Young Entrepreneurs Challenges (1MYEC). INSKEN promoted the creation of entrepreneurs with programmes for basic business training and the Graduate Entrepreneur Scheme. To achieve the Roadmap's entrepreneurial enhancement objectives, INSKEN conducted soft skill courses and One District One Industry (SDSI) Entrepreneurial Seminars. INSKEN cooperated with non-governmental organisations (NGOs) as well as local entrepreneurs and industry experts on networking programmes that enhanced ties between these groups.

Other INSKEN programmes included advisory services to facilitate entrepreneurs in product development and business expansion, outreach programmes, entrepreneur guidance training and capacity building programmes for MITI officers.

Reaching ordinary entrepreneurs

In 2012, the Minister and Deputy Minister of MITI led the way in extending face-to-face *turun padang* (outreach) programmes to entrepreneurs throughout the country. Together with the Get Malaysian Business Online (GMBO) and 1Malaysia Entrepreneurship Enhancement Think-In (1MEET) programmes, all of these activities involved a total of 2,577 Bumiputera entrepreneurs.

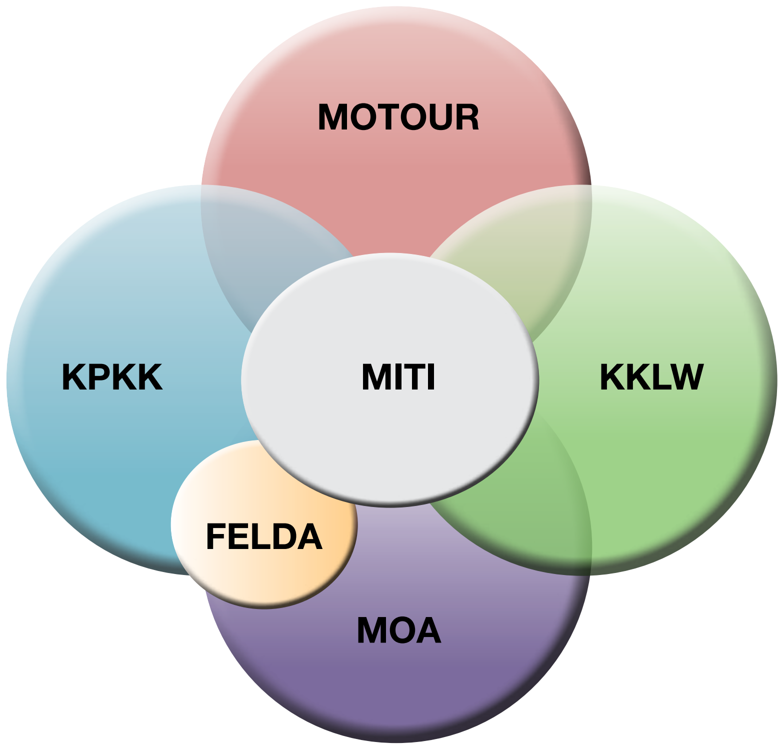
MITI is the head of the Marketing, Promotions and Entrepreneurial Development Committee for One District, One Industry (SDSI). Under the new SDSI implementation guidelines launched on 30 March 2012, MITI plays an important part in the development of SDSI together with the Ministry of Tourism (MOTOUR), Ministry of Rural and Regional Development (KKLW), Ministry of Agriculture (MOA), Ministry of Information, Communication and Culture (KPKK) as well as the Federal Land Development Authority (FELDA). MITI continuously monitors and evaluates SDSI initiatives to ensure that they deliver the desired results. In 2012, SDSI added activities to increase involvement by the business community and anchor companies such as hypermarkets, government-linked companies (GLCs) and marketing agents.

Azran Deraman

MITI Kelantan

MITI Kelantan organised several *turun padang* programmes for the Minister of International Trade and Industry and MITI Secretary General in 2012. MITI Kelantan also coordinated the participation of senior MITI officials in meetings and pocket talks with companies and relevant authorities concerning outstanding issues. MITI Kelantan co-hosted a visit by the High Commissioner/Ambassador of African Countries to the state, facilitated a visit by the MITI Minister and Kelantan entrepreneurs to Songkhla, Thailand, and organised visits to the Southern Thailand Industrial Park for business matching purposes. MITI Kelantan issued more than 25,000 Certificates of Origin in 2012.

The role of MITI in SDSI



In 2012, the SDSI Showcase event organised by MITI served as a platform for the promotion and marketing of SDSI products and services in the local and global market. The event involved 584 entrepreneurs as exhibitors and gave them opportunities to learn about government incentives and facilities, develop their entrepreneurial skills through training seminars, and expand their business network and marketing. Attendance was up 12.0 per cent compared to the previous year's event.

In addition, SDSI entrepreneurs were encouraged to participate in domestic and international trade fairs, which consisted of Youth Day 2012, PKS Support Expo, Sarawak SDSI Entrepreneur Groom Big Enhancement Programme, Malaysia International Food and Beverages (MIFB), Malaysia Agriculture, Horticulture and Agrotourism (MAHA) International Show and One Village One Industry (OVOP), Thailand. These events attracted a total of 102 qualified SDSI entrepreneurs.

Employing the Blue Ocean Strategy (BOS), MITI partnered with KPDNKK, Ministry of Higher Education (KPT), Iskandar Regional Development Authority (IRDA), Perbadanan Usahawan Nasional Berhad (PUNB) and Malaysia Airports Holdings Berhad (MAHB) in 2012 to conduct a series of business matching sessions between SDSI entrepreneurs and buyers, distributors, marketing agents, importers, hypermarkets. These sessions provided business and networking opportunities for a total of 108 entrepreneurs. Based on positive feedback from participants, the programme has benefitted SDSI entrepreneurs by providing knowledge on the requirements for marketing products to hypermarkets.

Sabariah Mohd Sofian

MITI Sarawak

In 2012, MITI Sarawak coordinated and organised two *turun padang* programmes for the Minister of International Trade and Industry to Samalaju Industrial Park and Bintulu Port. MITI Sarawak also organised networking sessions with state industries and the local media. Other activities organised by MITI Sarawak included a "MITI Day" for students, FTA pocket talks, STA outreach sessions, Groom Big workshops and MITI Outreach programmes with the Malaysian Service Providers Confederation. MITI Sarawak also assisted in the Groom Big Expo and turun padang programmes for the MITI Deputy Minister (Trade).

According to the impact study carried out by the Implementation Coordination Unit (ICU) of the Prime Minister's Department, SDSI has successfully created a total of 4,835 entrepreneurs in 141 districts nationwide as of 31 December 2011, with 973 entrepreneurs achieving sales from RM50,000 to RM500,000 per annum, while 50 entrepreneurs achieved sales exceeding RM500,000 per annum. The programme has generated 12,428 employment opportunities as at 31 December 2011, with the bulk of employment opportunities created in the F&B, tourism, culture and arts as well as agriculture industries.

The Product and Services Quality Enhancement Programme (Groom Big) continued its mission to support Bumiputera entrepreneurs by raising their product design, packaging and quality to higher levels necessary for success in both local and overseas markets. In 2012, MITI successfully conducted 41 workshops and four other promotional marketing activities for a total of 1,200 Groom Big participants. Throughout 2012, Groom Big addressed the issues of raw material supply and marketing through the establishment of Groom Big Cooperatives, with a total of seven such cooperatives registered to date in Sabah, Sarawak, Kelantan, Terengganu, Pahang, Johor and the Northern Region. The Northern Region Groom Big Cooperative in particular collaborated with Mydin Hypermarket to promote and market the products of 50 Groom Big entrepreneurs.

To strengthen entrepreneurs' capabilities, BPU conducted the Excellence Organisation Promotion Development Programme in collaboration with Malaysia Productivity Corporation (MPC), resulting in greatly increased customer satisfaction for nine participating companies. In addition, the programme improved compliance with international standards such as ISO 9000, ISO 9001 and MS ISO 9001:2008.
In 2012, BPU collaborated with MATRADE through the Bumiputera Exporters Development Programme (BEDP) to help entrepreneurs achieve global competitiveness with skills and knowledge for branding and market expansion.

To further promote entrepreneur creation, an outreach programme on Bumiputera Special Shares was conducted six times throughout Malaysia in 2012. A total of 1,856 Bumiputera companies and cooperatives were allocated a total of 644,009,800 share units worth RM170.1 million in 2012.

Partnering in key sectors

BPU continued to enhance entrepreneurs with the Vendor Development Programme (VDP), which develops Bumiputera entrepreneurs as component manufacturers, suppliers and service providers for local large companies, multi-national corporations and GLCs. Initiated in 1988 together with the national automotive industry, the VDP has expanded to include oil and gas, furniture, engineering services, electric and electronics and telecommunication. As of December 2012, 68 anchor companies with 946 vendors have registered under this programme.

In 2012, BPU leveraged strategic partnerships with GLCs to utilise business outlets in locations such as airport terminals as platforms for Bumiputera entrepreneurs.

Investments in the future

In 2012, MITI through Malaysian Industrial Development Finance Berhad (MIDF) approved applications for financing under several schemes to meet the needs of SMEs. Under the Soft Loan Scheme for Automotive Development, MIDF approved applications totalling RM118.3 million, which went to assisting vendors of automotive components

and parts, including SMEs. In 2012, MIDF also approved applications amounting to RM31.1 million under the Soft Loan Scheme for Automation & Modernisation, which promotes the undertaking of automation and high-technology activities in manufacturing while reducing reliance on foreign labour.

Under the Soft Loan Scheme for Small and Medium Enterprises (SLSME), MIDF approved 365 new applications for financial assistance totalling RM244.3 million in 2012, an increase of 41.5 per cent from the previous year's total of RM172.7 million. The SLSME provided assistance to start-up companies with access to initial financing and helped established SMEs to expand and improve their businesses. In 2012, a special funding allocation was earmarked within the SLSME for Malaysian Indian-owned and -managed SMEs to increase the inclusiveness of national economic development.

SME Bank continues to provide SMEs with the Entrepreneur Premise Scheme, which was established as an integrated approach to support entrepreneurial development through the provision of factory space with preferential rental rates for new start-ups. These premises are available throughout the country, mostly catering to the manufacturing sector. Participants of this scheme also receive financing, entrepreneurial training and advisory services.

The first tranche of SME Bank's Sukuk issuance, which was launched on 13 August 2012, was oversubscribed 5.9 times, marking it as a massive success. This initial RM500.0 million tranche was the first part of a total of RM3.0 billion.

Success Stories

ABX Express (M) Sdn Bhd

ABX was founded 29 years ago as a small Bumiputera-owned business based in Labuan, providing courier services to domestic and international destinations. With financial assistance and support from the MIDF Soft Loan Scheme for Services Capacity Development (SLSCD), the company grew its business and increased its ICT capabilities. The new Mobile Workforce Devices Scanners system enabled ABX to verify the location and status of packages anywhere in the world.

In 2004, ABX became the first local courier company to collaborate with a network of international courier businesses, which allowed it to expand its operations globally. Today, the company has 78 service branches nationwide and counts well-known industry names such as Maybank and PETRONAS among its clients.

Azman Hamzah Plastik Sdn Bhd

Azman Hamzah Plastik (AHP) is a specialist in precision plastic injection moulding and components assembly for the automotive industry. Established in 1989, the company manufactures over 400 types of products, including interior and exterior plastic components, engine plastic components and engine compartment areas for clients such as Proton, Perodua and UMW Toyota.

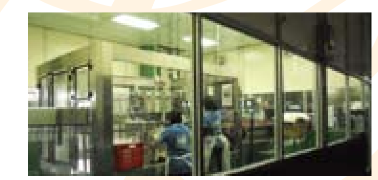
In 2010, AHP turned to MIDF for support under the Soft Loan Scheme for Automotive Development (SLSAD) to meet market demands and improve its business potential. With the loan, AHP was able to strengthen its business facilities and capabilities and position itself among the nation's most successful Bumiputera entrepreneurs. The company, which currently operates factories in Selangor and Perak, is targeting a wider base of local and international customers.

C-Tech Rubber (M) Sdn Bhd

Founded 25 years ago by a family of Bumiputera entrepreneurs, C-Tech designs and manufactures rubber products exclusively for the international poultry processing industry. Its principal products are rubber picking fingers, which are installed in picking systems to remove feathers from chicken, ducks and turkeys.

C-Tech has made its mark on the international scene by continuing to develop new picking devices and customised products for specialised systems. With financial assistance and support from MIDF the company was able to purchase its current factory, increase production rates, lower costs and expand operations in general.

As poultry consumption rises worldwide, C-Tech is set to see its business grow well into the future.



Life Waters Industries Sdn. Bhd.

Founded in 2002, Life Waters Industries is a Sabah-based beverage company that manufactures reverse osmosis (RO) drinking water, carbonated flavoured drinks and water dispenser systems under the K2 brand name. With financial assistance from MIDF, Life Waters has successfully increased its production capacity and expanded operations.

In 2010, Life Waters won the Sabah Industry Excellence Award 2010/2011 for its contribution to the state's economy. Today, the company boasts three factories in Kota Kinabalu and Sandakan, a 180-strong workforce and a market presence for its products in established hotels and vacation resorts throughout Sabah. Life Waters has also ventured into manufacturing products for various companies on a contract manufacturing basis.

Backed by MIDF, Life Water Industries expects the demand for its products to increase and reach a wider consumer base.

The Government is encouraging mechanisation and quality improvement for SMEs with export potential such as food manufacturers.

Outlook: The next step

As Malaysia's GDP is expected to sustain its strong growth in 2013, local SMEs have many opportunities to expand and take advantage of this positive economic environment. The Government will continue to support SME development in the coming year by introducing new initiatives and strengthening existing programmes.

MITI will embark on close collaboration with the respective Ministries and agencies to ensure complete and speedy implementation of the SME Masterplan 2012-2020. The Government in partnership with the private sector will roll out the six HIPs to achieve the four main objectives of the Masterplan, along with the rest of the 32 initiatives. Furthermore, Budget 2013 has allocated RM30.0 million to support the SME Masterplan. SME Bank together with the Islamic Development Bank will also provide RM200.0 million to the Halal Food Industry Fund.

At the National SME Development Council (NSDC) meeting in April 2013, MITI will present Deloitte's findings at the Breakout Strategy retreat held in December 2012. This will support the establishment of further business

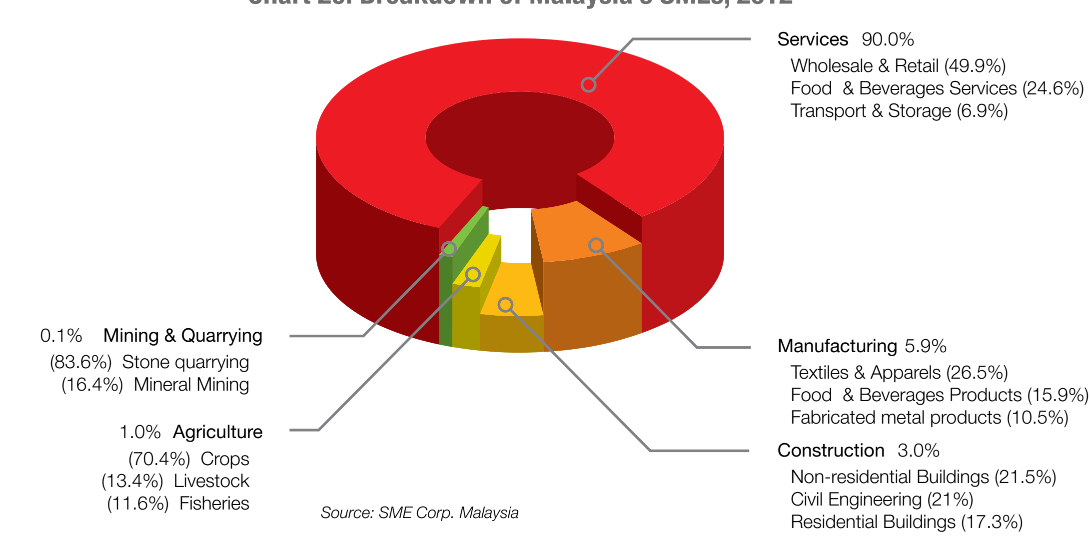
> "SMEs need to be independent and achieve business success without relying too much on government assistance."
>
> *– Mustapa Mohamed, Minister of International Trade and Industry, Utusan Malaysia, 10 October 2012*

plans, particularly for micro-enterprises. Currently, 97.3 per cent of total establishments in Malaysia are SMEs, and 77.0 per cent of these SMEs are micro enterprises. Meanwhile, 20.0 per cent of SMEs are small enterprises and the remaining three per cent are medium enterprises. The majority of Malaysia's 645,136 SMEs are in the services sector, as shown in Chart 20.

Several important events for SMEs will be held in June 2013. The Global Summit of Women 2013 will be held in Kuala Lumpur from 6-8 June, providing a platform to discuss strategies for increasing economic opportunities for women entrepreneurs worldwide. The ASEAN-Korea SME Conference will be held from 12-14 June to showcase innovative products and services between the ASEAN countries and South Korea. Finally, the national rollout of SME Week is scheduled for 24-30 June. SME Week 2013 will continue to promote local SMEs and their products and services across the country.

In 2013, MITI will also continue to evaluate and enhance the SDSI brand. SDSI products and services will be registered under Geographical Indication with the Intellectual Property Corporation of Malaysia (MyIPO) to ensure that they meet the quality standards necessary to penetrate domestic and overseas markets.

Chart 20: Breakdown of Malaysia's SMEs, 2012



Source: SME Corp. Malaysia

a competitive nation

acompetitivenation

Malaysia's productivity performance proved resilient in the face of challenging external factors in 2012. Productivity grew 2.0 per cent in 2012 on the back of strong domestic demand, which compensated for the weaker external economy.

The construction sector in particular recorded growth of 15.5 per cent, supported by factors such as improved service delivery through the use of ICT, simplified regulations and an increased supply of skilled labour. Meanwhile, expansion in domestic-oriented industries fuelled productivity growth of 4.5 per cent in the manufacturing sector. The services sector grew by 1.8 per cent, largely due to the contributions of the information and communication, finance and insurance, and real estate sub-sectors.

The mining sector exhibited signs of recovery by registering a lower negative growth of 4.4 per cent in 2012, compared to a negative growth of 29.1 per cent in 2011. The mining sector also recorded a productivity level of RM784,367, which was the highest among all sectors in 2012. The agriculture sector also recorded a decline of 11.2 per cent in productivity growth due to the decrease in external demand for palm oil and palm oil-based products.

Malaysia's total factor productivity (TFP) contributed 18.3 per cent to gross domestic product (GDP) growth over the five-year period from 2008-2012. During this period, capital grew by 2.0 per cent and contributed 48.5 per cent to economic growth, while labour input contributed 1.4 per cent to output growth. During the period of 2008-2012, the manufacturing sector recorded TFP of 1.4 per cent while the services sector recorded TFP growth of 3.5 per cent.

Table 5: Malaysia's Productivity Level and Growth 2009-2012

Malaysia	2009	2010	2011	2012
Productivity level (RM)	54,109	56,721	57,737	58,875
Productivity growth (%)	-2.1	4.8	1.8	2.0

Ranked among the best

The **Malaysia Productivity Corporation (MPC)** monitors and measures Malaysia's business competitiveness through the use of international competitiveness rankings. In the **World Competitiveness Yearbook (WCY)** by the Institute for Management Development (IMD), Malaysia moved up to 14th position out of 59 competitive countries, an improvement of two positions from the previous year. Malaysia registered commendable improvements in business efficiency, up to 6th position from 14th position in the previous year, and in government efficiency, up to 13th position from 17th position in 2011. This competitiveness performance was attributed to improvements in business legislation, finance, institutional framework, societal framework, productivity and efficiency.

The WCY ranked Malaysia as 4th among the 13 Asia-Pacific Region nations, an improvement from 5th position in the previous year. Only Hong Kong, Singapore and Taiwan were ranked higher. Among the five ASEAN countries in the WCY rankings, Malaysia remained in 2nd position after Singapore.

In the **Global Competitiveness Report 2012-2013 (GCR 2012-2013**) by the World Economic Forum (WEF), Malaysia achieved a ranking of 25th out of 144 countries and is among the top 20 per cent of the most competitive economies globally. Malaysia was also upgraded from the Efficiency-Driven Stage of Development to the transition stage of the Innovation-Driven Stage of Development.

The most notable competitiveness strengths found by the GCR 2012-2013 were Malaysia's goods market efficiency ranking of 11th place, its supportive financial sector ranking of 6th place and its government services for improved business performance, which was ranked 4th.

The **Doing Business Report 2013** by the World Bank ranked Malaysia at 12th position, a significant move up from 18th position in the 2012 report. The report, which measures regulations and their enforcement in terms of how they affect the ease of doing business, acknowledged Malaysia as being among the top ten reformers within the APEC region. The country was cited by the World Bank for establishing the Regulatory Reform Committee at the inter-Ministerial level.

Malaysia continued to be the top country for Getting Credit and the 4th top country for Protecting Investors. Other areas of improvement were found in Paying Taxes, Registering Property, Getting Electricity, Trading Across Borders and Dealing with Construction Permits. The World Bank also identified good practices from Malaysia: Offering cadastre information online under Registering Property, distributing data on loans below one per cent of income per capita under Getting Credit, defining clear duties for directors in case of related-party transactions under Protecting Investors, and allowing electronic filing of complaints under Enforcing Contracts.

Table 6: Malaysia's Competitiveness Ranking (World Competitiveness Yearbook)

Malaysia's performance in 4 competitiveness factors & 20 sub-factors

	2012	2011		2012	2011
Economic Performance	↓ **10**	7	**Business Efficiency**	↑ **6**	**14**
• Domestic Economy	↓ **29**	28	• Productivity & Efficiency	↑ **23**	27
• International Trade	↓ **6**	3	• Labor Market	↑ **6**	8
• International Investment	↑ **11**	13	• Finance	↑ **10**	17
• Employment	↓ **25**	19	• Management Practices	↑ **4**	6
• Prices	↓ **10**	6	• Attitudes and Values	↑ **5**	7
Government Efficiency	↑ **13**	**17**	**Infrastructure**	↑ **26**	**27**
• Public Finance	↓ **21**	19	• Basic Infrastructure	↑ **8**	13
• Fiscal Policy	↓ **12**	9	• Technological Infrastructure	↑ **16**	18
• Institutional Framework	↑ **13**	17	• Scientific Infrastructure	↑ **28**	29
• Business Legislation	↑ **21**	30	• Health and Environment	= **36**	36
• Societal Framework	↑ **25**	29	• Education	↑ **33**	35

↑ Improved ranking, ↓ Declined ranking, = Unchanged ranking
Total countries: 2012 & 2011 = 59

Table 7: Ease of Doing Business 2013, Top Asia-Pacific Rankings

Economy	Ease of Doing Business (Rank)		
	2013	2012	2011
Singapore	1	1	1
Hong Kong	2	2	2
New Zealand	3	3	3
South Korea	8	8	15
Australia	10	15	11
Malaysia	12	18	23
Taiwan	16	25	24

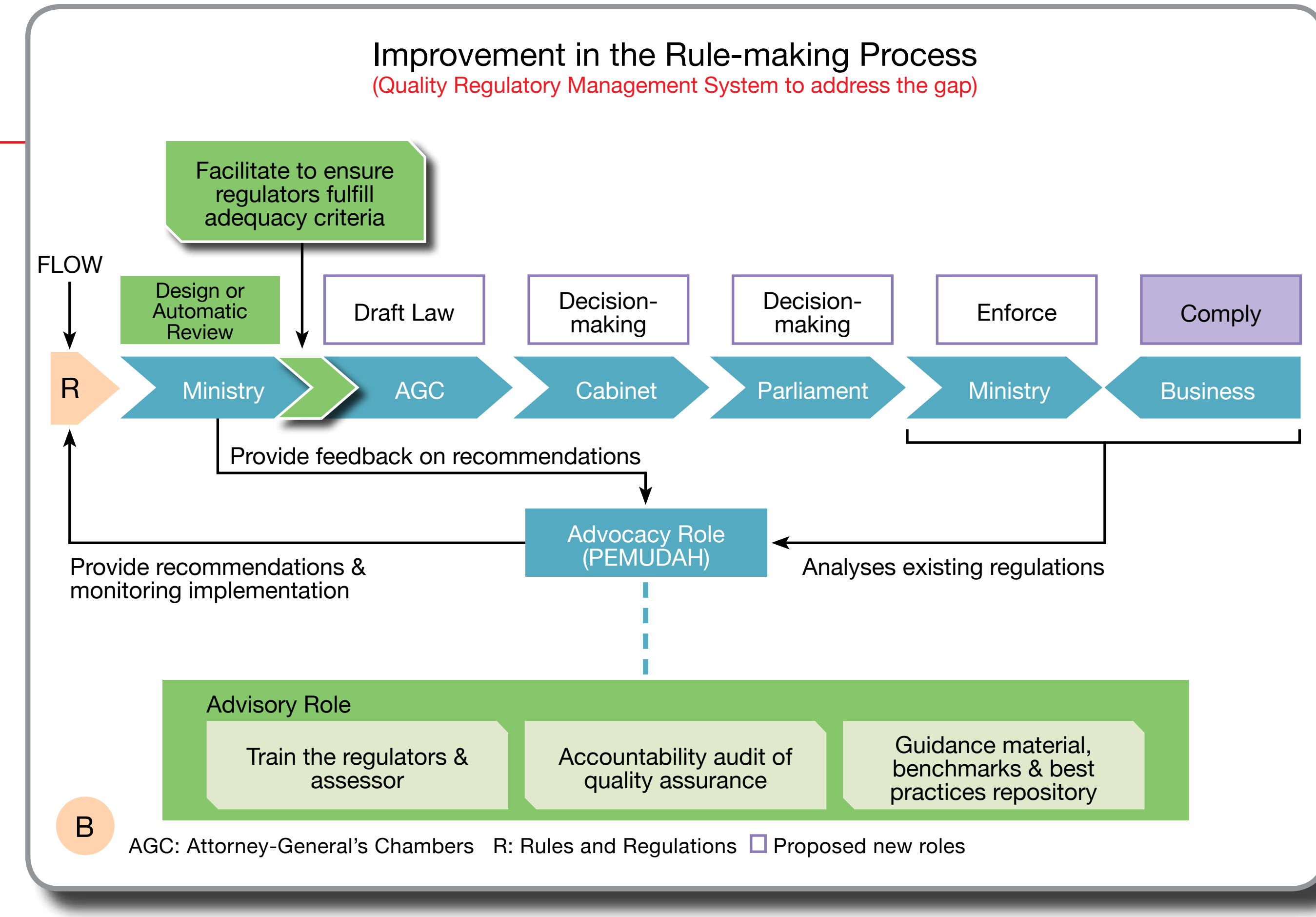
An enabling business environment: Good regulatory practices

Malaysia can further boost its competitiveness by making sure that its regulatory environment does not hinder the business community unnecessarily. The Tenth Malaysia Plan (2011-2015) and Economic Transformation Programme (ETP) outlined a mandate for MPC to spearhead a comprehensive review of business regulations. MPC is responsible for establishing a regulatory framework that will ensure better quality of new and existing regulations, on a continuing basis, similar to Good Regulatory Practices (GRP) systems that have proven effective in Australia, Canada and other OECD countries.

The proposed framework on Quality Regulatory Management System (QRMS) describes modifications to the existing rule-making process to establish a quality control role to check and enforce compliance with procedural requirements, publish and make available well-designed rule-making processes, and build the capacity of regulators on procedural requirements. The proposed framework also introduces automatic review for new regulations as well as a requirement for regulators to provide feedback on recommendations from the central overseeing body.

The National Development Planning Committee (NDPC) headed by the Chief Secretary to the Government of Malaysia will provide the quality control mechanism for the development and review of regulatory proposals.

Chart 21: The Quality Regulatory Management System in Action



Recognising the importance of developing and maintaining the GRP ecosystem, the Government has taken steps to ensure that the system for ensuring quality regulations is fully supported by the relevant agencies and adopted at the highest governmental level. The advocacy efforts of the Special Task Force to Facilitate Business (PEMUDAH) and GRP implementation will complement one another in creating a more attractive business environment. MPC has produced a draft of the National Policy on the Development and Implementation of Regulations as well as the Best Practice Regulation Handbook to ensure the adoption of best regulatory practices by all federal government agencies. International organisations were also consulted to ensure that the processes will be aligned with international standards. Regulatory Impact Assessment (RIA) is now a mandatory requirement for regulators, starting with pilot projects at five ministries and agencies: Ministry of Home Affairs (MOHA), MITI, National Water Services Commission (SPAN), Federal Agricultural Marketing Authority (FAMA) and Fisheries Development Authority of Malaysia (LKIM).

MITI in 2012 and beyond

MITIin2012andbeyond

Going forward, the MITI Strategic Roadmap for 2013 will focus on key activities to facilitate the growth of Malaysia's trade and achieve further integration into the global value chain as a result of the Government and Economic Transformation Programmes.

While the year 2012 was an eventful year for Malaysia's international trade relations, industrial sectors and small and medium entrepreneurs, it was also an important year for MITI as an organisation. However, the future will offer even more opportunities for all of MITI's divisions.

Public media outreach

MITI engaged closely with the media in 2012 to clearly communicate its role and activities to the public. In 2012, media coverage of MITI and its agencies expanded, both locally and abroad. Coverage of MITI in mainstream Malaysian newspapers (Utusan Malaysia, Berita Harian, New Straits Times, The Star, The Sun) comprised a total of 519 articles reporting on substantive trade issues. MITI was also featured in a total of 50 articles in overseas publications, making it one of the most frequently covered Ministries by the international media. To foster a closer relationship with members of the Malaysian media, MITI organised a total of eight luncheon sessions with 14 major media organisations throughout 2012.

MITI also maintained an active online presence in the various social media in 2012. From January 2012 to January 2013, MITI accumulated a total of 15,393 followers on Twitter, 2,017 "likes" on Facebook, and 316 posts and 2,518 comments on Blogger.

The Minister of International Trade and Industry continued to conduct *turun padang* activities in 2012. A total of 66 such visits were conducted to gain a better understanding of the needs and concerns of Malaysia's small and medium enterprises, workers, investors and traders.

Quality achievements in 2012

In 2012, MITI maintained its Quality Environment (QE/5S) certification for the fourth year in a row, demonstrating the Ministry's commitment to quality practices. Since achieving QE/5S certification in 2009, MITI has served as a model of successful implementation for the programme and has hosted visits from other Ministries and agencies interested in learning about MITI's success.

MITI also successfully maintained its MS ISO 9001:2008 certification in 2012, which was awarded by SIRIM QAS International. MITI was the first Ministry to be certified with this quality management system standard in 2009.

During 2012, MITI carried out a total of 22 quality and innovation culture programmes with the strong support and participation of the MITI staff. These programmes culminated in the MITI Innovation Hunt Season 1 during the Ministry's Quality and Innovation Cultivation Programme celebration, which involved participants from MITI and all of its agencies. The Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) carried out Star Rating System (SSR) evaluations at the ministerial level for the third time in 2012. MITI was audited according to the criteria for SSR, having achieved a 4-Star rating in 2008 and a 5-Star rating in 2010.

Utilising information resources

The MITI Resource Centre is a one-stop information and reference centre, providing access to comprehensive library materials on international trade and industry as well as related fields. The MITI Resource Centre has won several awards in recognition of its successes, including the Library Award for being the most active Malaysian library in promoting and inculcating reading habits for both 2010 and 2011. The Centre also won the MITI Quality Environment System Award (QES/5S) for 2012.

The MITI Resource Centre carried out activities in 2012 that included MITI Book Club 2012, a Door-to-Door service to raise awareness of the Centre's library and services, book review sessions, reading campaigns in cooperation with the National Library of Malaysia (PNM), book suppliers and UiTM students.

MITI information communication technology

MITI ICT Services had a successful year in 2012, implementing several initiatives and achieving notable awards. MITI received the Gold Award in the Innovative and Creative Circle Convention, South Region, for the ICT Helpdesk Project – Support, as well as the Gold Award (3-Star) in the National Innovative and Creative Circle Convention 2012 for the ICT Helpdesk Project – Support. In November 2012, MITI was ranked 4th with a 5-Star rating in the Malaysian Government Portals and Websites Assessment (MGPWA) Report by the Multimedia Development Corporation (MDEC).

The Information Management Division successfully implemented three MAMPU initiatives in 2012. The IPV6 initiative was implemented in June 2012, the MyMesyuarat Application was implemented in August 2012, and the Public Sector Data Centre (PDSA) facility was implemented in December 2012.

During the SSR 2012 evaluation conducted by MAMPU, MITI was complimented for WOW Factors/Good Practices in its Disaster Recovery Centre as well as video conferences provided for Post-Cabinet and Management meetings with MITI Regional and Overseas Offices. MITI was also praised for its ICT innovations, EZLink and e-Forum.

During 2012, MITI also replaced the use of desktop computers with laptops for its officers to ease movement and increase productivity.

Strategic thrusts for 2013

MITI's **six strategic thrusts** going forward are:

1. Increased manufacturing and services exports
2. Increased quality investments in the manufacturing and services sectors
3. Creation of high-income and knowledge-based employment opportunities
4. Enhanced productivity and innovation in the manufacturing and services sectors
5. Development of SMEs and integration into the global value chain
6. Development of Bumiputera entrepreneurs

The **Strategic Roadmap 2013** will include several national and international events for outreach and promotion of important sectors. Project Africa, comprising Specialised Marketing Missions (SMM) and Incoming Buying Missions, will create demand for Malaysian products and services in Africa through branding initiatives. In 2013, MITI will also expand the Malaysia Investment and Trade Centre, as well as provide specific customised support programmes for mid-tier companies.

Approved Permit (AP) requirements are scheduled for review in 2013.

To further meet the needs of industry, MITI will review Approved Permit (AP) requirements, taking into consideration the relevancies of the current AP systems. In addition, MITI will conduct Business Process Reengineering (BPR) activities for numerous processes, including the evaluation mechanism for Manufacturing Licenses (ML), the General Exemption Order (GEO) on import duty and sales tax exemption for Machinery and Equipment, and requirements for model approval for production of commercial vehicles. MITI will also ensure that activities in 2013 are aligned to attract quality investments and create quality jobs, while taking an ecosystem approach to investment promotion to fill the gaps in the local value chain.

In the services sector, MITI will identify niche services for promotion, facilitate promotion of high knowledge-based and high value-added services, ensure the implementation of the Services Blueprint, and conduct the National Conference on Services Sector. In addition, MITI will review, revise and align the horizontal schedule of commitments in the WTO, AFAS and FTAs with the Government's current autonomous liberalisation initiatives.

MITI Events in 2013

The Strategic Roadmap for 2013 calls for structured engagements (communication) to create a “feel-good factor” for stakeholders, highlight MITI’s contributions to the economy and make online engagements more interactive. This will be done through social media engagement, an increased Ministerial profile in mainstream newspapers and TV appearances, and more timely responses to issues as they develop.

Entrepreneurial plans

The implementation of the SME Masterplan in 2013 will involve the rollout of the six High Impact Programmes (HIPs). A review based on Census 2011 will redefine SMEs in line with the inflation affecting threshold, changing economic conditions, and other factors. MITI will also develop champions among the SME sector while undertaking broad-based SME development. The Micro, Small and Medium Enterprises (MSME) Act will also be developed to facilitate the promotion and growth of MSMEs in Malaysia. MITI’s plans to support women entrepreneurs include the Global Summit of Women 2013 and the National Women Entrepreneur Award (6 Nov 2013).

In 2013, Malaysia’s halal industry will be developed in accordance with the Halal Footprint, which adopts the Cluster Development Model approach,

and a three-stage Halal Excellence approach to become the premier halal knowledge institution. The Strategic Roadmap will support Bumiputera entrepreneurs in 2013 through a review of the vendor development programme guidelines (VDP) and by facilitating the process of registering a Geographical Indication (GI) for selected One District, One Industry (SDSI) products to enhance their value.

MITI’s strategy for productivity development in 2013 calls for the Malaysia Productivity Corporation (MPC) to develop a core of at least twenty MPC officers to become locally and internationally recognised experts in Good Regulatory Practices (GRP), promote GRP and collaborate with global best practice organisations. To further develop the competency of human capital in the local market, MITI and various agencies will carry out extensive skills upgrading programmes, expand the Malaysia Automotive Institute (MAI) Auto Centre of Excellence, and explore the establishment of the Malaysia International Trade Studies Centre.

In 2013, the Strategic Roadmap includes several MITI studies on the benefits of FDI, public opinion on MITI, a survey on the potential impact of Generalised System of Preferences (GSP) graduation on domestic industry, and a database on export taxes.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appendices

APPENDIX 1 : ORGANISATIONS AND GROUPINGS - MEMBERSHIP

Organisation/Grouping	Member Countries/Economies
APEC	Australia, Brunei Darussalam, Canada, Chile, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, China, Peru, Philippines, South Korea, Russia, Singapore, Taiwan, Thailand, United States and Vietnam.
ASEAN	Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.
ASEAN-CER	ASEAN, Australia and New Zealand.
CEFTA	Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia and United Nations Interim Administration Mission in Kosovo (UNMIK).
COMMONWEALTH	Antigua and Barbuda, Australia, Bahamas, Bangladesh, Barbados, Belize, Botswana, Brunei Darussalam, Cameroon, Canada, Cyprus, Dominica, Fiji, Gambia, Ghana, Grenada, Guyana, India, Jamaica, Kenya, Kiribati, Lesotho, Malawi, Malaysia, Maldives, Malta, Mauritius, Mozambique, Namibia, Nauru, New Zealand, Nigeria, Pakistan, Papua New Guinea, Rwanda, St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Samoa, Seychelles, Sierra Leone, Singapore, Solomon Islands, South Africa, Sri Lanka, Swaziland, Tanzania, Tonga, Trinidad and Tobago, Tuvalu, Uganda, United Kingdom, Vanuatu and Zambia
D-8	Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey.
EAEC	ASEAN, Japan, China and South Korea.
ECO	Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan.
EU	Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and United Kingdom.
G-15	Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Iran, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Senegal, Sri Lanka, Venezuela and Zimbabwe.
GCC	Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.
IOR-ARC	Australia, Bangladesh, Comoros, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Seychelles, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, United Arab Emirates and Yemen.
MERCOSUR	Argentina, Brazil, Paraguay, Uruguay and Venezuela.
NAFTA	Canada, Mexico and United States.

Organisation/Grouping	Member Countries/Economies
NAM	Afghanistan, Algeria, Angola, Antigua and Barbuda, Bahamas, Bahrain, Bangladesh, Barbados, Belarus, Belize, Benin, Bhutan, Bolivia, Botswana, Brunei Darussalam, Burkina Faso, Burundi, Cambodia, Cameroon, Cape Verde, Central African Republic, Chad, Chile, Colombia, Comoros, Congo, Cote d'Ivore, Cuba, Democratic Republic of Congo, Djibouti, Dominican Republic, Ecuador, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kenya, Kuwait, Lao PDR, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malawi, Malaysia, Maldives, Mali, Mauritania, Mauritius, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nicaragua, Niger, Nigeria, Oman, Pakistan, Palestine, Panama, Papua New Guinea, Peru, Philippines, Qatar, Republic of Korea, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sao Tome and Principe, Saudi Arabia, Senegal, Seychelles, Sierra Leone, Singapore, Somalia, South Africa, Sri Lanka, Sudan, Suriname, Swaziland, Syria, Tanzania, Thailand, Timor Leste, Togo, Trinidad and Tobago, Tunisia, Turkmenistan, Uganda, United Arab Emirates, Uzbekistan, Vanuatu, Venezuela, Viet Nam, Yemen, Zambia and Zimbabwe.
OECD	Australia, Austria, Belgium, Canada, Chile, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom and USA.
OIC	Afghanistan, Albania, Algeria, Azerbaijan, Bahrain, Bangladesh, Benin, Brunei Darussalam, Burkina Faso, Cameroon, Chad, Comoros, Cote d'Ivoire, Djibouti, Egypt, Gabon, Gambia, Guinea, Guinea-Bissau, Guyana, Indonesia, Iran, Iraq, Jordan, Kazakhstan, Kuwait, Kyrgyz Republic, Lebanon, Libya, Malaysia, Maldives, Mali, Mauritania, Morocco, Mozambique, Niger, Nigeria, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Suriname, Syria, Tajikistan, Togo, Tunisia, Turkey, Turkmenistan, Uganda, United Arab Emirates, Uzbekistan and Yemen.
SAARC	Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.
SADC	Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.
WTO	Albania, Angola, Antigua and Barbuda, Argentina, Armenia, Australia, Austria, Bahrain, Bangladesh, Barbados, Belgium, Belize, Benin, Bolivia, Botswana, Brazil, Brunei Darussalam, Bulgaria, Burkina Faso, Burundi, Cambodia, Cameroon, Canada, Cape Verde, Central African Republic, Chad, Chile, Taiwan, Colombia, Congo, Costa Rica, Cote d'Ivoire, Croatia, Cuba, Cyprus, Czech Republic, Democratic Republic of Congo, Denmark, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, European Union, Fiji, Finland, France, Gabon, Gambia, Georgia, Germany, Ghana, Greece, Grenada, Guatemala, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, Hong Kong SAR, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Kyrgyz Republic, Lao PDR, Latvia, Lesotho, Liechtenstein, Lithuania, Luxembourg, Macau, Macedonia, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Moldova, Mongolia, Montenegro, Morocco, Mozambique, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, China, Peru, Philippines, Poland, Portugal, Qatar, Romania, South Korea, Russia, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Saudi Arabia, Senegal, Sierra Leone, Singapore, Slovak Republic, Slovenia, Solomon Islands, South Africa, Tajikistan, Samoa, Spain, Sri Lanka, Suriname, Swaziland, Sweden, Switzerland, Tanzania, Thailand, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkey, Uganda, Ukraine, United Arab Emirates, United Kingdom, United States, Uruguay, Vanuatu, Venezuela, Vietnam, Zambia and Zimbabwe.

APPENDIX 2 : STATISTICAL TABLES - TRADE

Table 1 : Annual Trade, 2000-2012

Period	Total Trade	Exports	Imports	Balance of Trade
(RM million)				
2000	684,729.2	373,270.3	311,458.9	61,811.4
2001	614,512.9	334,283.8	280,229.1	54,054.7
2002	660,520.5	357,430.0	303,090.5	54,339.6
2003	714,422.2	397,884.4	316,537.9	81,346.5
2004	880,885.2	481,253.0	399,632.2	81,620.8
2005	969,104.5	536,233.7	432,870.8	103,362.9
2006	1,067,388.3	589,240.3	478,147.9	111,092.4
2007	1,106,344.3	604,299.6	502,044.6	102,255.0
2008	1,182,817.8	663,013.5	519,804.3	143,209.2
2009	987,187.9	552,518.1	434,669.8	117,848.3
2010	1,167,650.7	638,822.5	528,828.2	109,994.3
2011	1,271,488.3	697,861.9	573,626.3	124,235.6
2012p	1,309,551.9	702,187.9	607,364.0	94,823.9

Source : DOSM
Notes: 2011 and before are final data
p - provisional data

Chart 1 : Annual Trade, 2000-2012

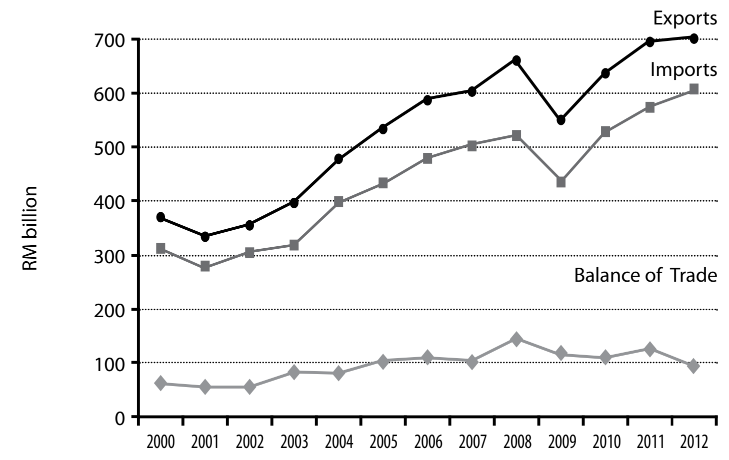

Table 2 : Trade with Major Trading Partners, 2011-2012

Country	2012^p							2011						
	Total Trade (RM million)	Share (%)	Exports (RM million)	Share (%)	Imports (RM million)	Share (%)	Balance of Trade (RM million)	Total Trade (RM million)	Share (%)	Exports (RM million)	Share (%)	Imports (RM million)	Share (%)	Balance of Trade (RM million)
TOTAL	**1,309,551.9**	**100.0**	**702,187.9**	**100.0**	**607,364.0**	**100.0**	**94,823.9**	**1,271,488.3**	**100.0**	**697,861.9**	**100.0**	**573,626.3**	**100.0**	**124,235.6**
China	180,610.5	13.8	88,746.0	12.6	91,864.5	15.1	-3,118.5	167,257.2	13.2	91,550.7	13.1	75,706.5	13.2	15,844.2
Singapore	175,963.2	13.4	95,484.2	13.6	80,479.0	13.3	15,005.2	161,890.1	12.7	88,190.6	12.6	73,699.5	12.8	14,491.1
Japan	145,322.5	11.1	82,933.2	11.8	62,389.3	10.3	20,543.9	146,730.1	11.5	81,368.0	11.7	65,362.0	11.4	16,006.0
United States	109,882.5	8.4	60,791.7	8.7	49,090.8	8.1	11,700.8	113,058.5	8.9	57,653.0	8.3	55,405.5	9.7	2,247.5
Thailand	74,013.1	5.7	37,705.1	5.4	36,308.0	6.0	1,397.1	70,222.5	5.5	35,742.5	5.1	34,480.0	6.0	1,262.4
Indonesia	58,728.6	4.5	27,619.4	3.9	31,109.3	5.1	-3,489.9	55,954.1	4.4	20,841.1	3.0	35,113.0	6.1	-14,272.0
South Korea	49,966.3	3.8	25,297.7	3.6	24,668.7	4.1	629.0	49,522.9	3.9	26,252.2	3.8	23,270.7	4.1	2,981.5
Taiwan	47,042.3	3.6	21,820.1	3.1	25,222.3	4.2	-3,402.2	50,361.5	4.0	23,228.2	3.3	27,133.3	4.7	-3,905.1
Australia	43,717.1	3.3	29,101.5	4.1	14,615.6	2.4	14,485.9	38,492.9	3.0	25,682.6	3.7	12,810.3	2.2	12,872.3
Hong Kong	43,390.7	3.3	30,069.9	4.3	13,320.8	2.2	16,749.0	44,853.5	3.5	31,252.6	4.5	13,600.9	2.4	17,651.7
India	41,150.1	3.1	29,334.2	4.2	11,815.9	1.9	17,518.3	38,345.8	3.0	28,154.4	4.0	10,191.5	1.8	17,962.9
Germany	39,232.9	3.0	16,019.9	2.3	23,213.0	3.8	-7,193.1	40,432.4	3.2	18,455.9	2.6	21,976.5	3.8	-3,520.6
Vietnam	27,903.2	2.1	11,807.6	1.7	16,095.6	2.7	-4,288.1	22,057.9	1.7	11,709.5	1.7	10,348.3	1.8	1,361.2
United Arab Emirates	24,815.7	1.9	12,415.1	1.8	12,400.5	2.0	14.6	21,163.7	1.7	12,960.7	1.9	8,203.0	1.4	4,757.8
Netherlands	23,600.3	1.8	18,589.5	2.6	5,010.8	0.8	13,578.7	22,892.1	1.8	19,280.7	2.8	3,611.4	0.6	15,669.3
France	18,493.7	1.4	5,464.1	0.8	13,029.6	2.1	-7,565.5	17,579.0	1.4	8,066.5	1.2	9,512.5	1.7	-1,446.1
Philippines	15,276.8	1.2	10,475.6	1.5	4,801.2	0.8	5,674.4	15,726.4	1.2	10,945.0	1.6	4,781.5	0.8	6,163.5
United Kingdom	13,637.8	1.0	6,807.4	1.0	6,830.4	1.1	-23.0	13,298.1	1.0	7,156.7	1.0	6,141.5	1.1	1,015.2
Saudi Arabia	11,341.1	0.9	3,784.9	0.5	7,556.1	1.2	-3,771.2	12,041.1	0.9	3,574.6	0.5	8,466.4	1.5	-4,891.8
Brazil	8,922.9	0.7	3,359.8	0.5	5,563.1	0.9	-2,203.4	8,845.2	0.7	3,419.8	0.5	5,425.4	0.9	-2,005.6
Italy	8,267.9	0.6	2,985.8	0.4	5,282.2	0.9	-2,296.4	8,651.7	0.7	3,610.4	0.5	5,041.4	0.9	-1,431.0
Pakistan	6,516.1	0.5	5,736.2	0.8	780.0	0.1	4,956.2	8,579.4	0.7	7,804.4	1.1	775.0	0.1	7,029.4
South Africa	6,152.9	0.5	3,294.8	0.5	2,858.1	0.5	436.7	6,500.3	0.5	3,159.8	0.5	3,340.5	0.6	-180.7
New Zealand	6,033.2	0.5	3,611.4	0.5	2,421.7	0.4	1,189.7	5,422.3	0.4	3,011.7	0.4	2,410.6	0.4	601.1
Canada	5,802.2	0.4	2,927.7	0.4	2,874.5	0.5	53.3	5,582.9	0.4	2,782.1	0.4	2,800.8	0.5	-18.7
Switzerland	5,483.5	0.4	1,036.6	0.1	4,446.9	0.7	-3,410.4	5,502.8	0.4	994.3	0.1	4,508.5	0.8	-3,514.3
Mexico	5,447.5	0.4	4,576.2	0.7	871.3	0.1	3,704.9	6,235.6	0.5	5,356.5	0.8	879.1	0.2	4,477.3
Belgium	4,941.7	0.4	2,280.7	0.3	2,661.1	0.4	-380.4	5,112.9	0.4	2,978.0	0.4	2,134.9	0.4	843.1
Bangladesh	4,878.4	0.4	4,648.6	0.7	229.8	0.0	4,418.8	5,559.4	0.4	5,437.5	0.8	121.9	0.0	5,315.6
Qatar	4,868.6	0.4	737.9	0.1	4,130.6	0.7	-3,392.7	5,188.4	0.4	560.2	0.1	4,628.2	0.8	-4,068.0
Iran	4,582.3	0.3	3,523.0	0.5	1,059.3	0.2	2,463.7	4,982.6	0.4	3,214.1	0.5	1,768.5	0.3	1,445.5
Argentina	4,572.9	0.3	911.4	0.1	3,661.4	0.6	-2,750.0	4,235.9	0.3	811.8	0.1	3,424.1	0.6	-2,612.4
Costa Rica	3,911.3	0.3	188.4	0.0	3,722.9	0.6	-3,534.4	4,324.1	0.3	189.3	0.0	4,134.8	0.7	-3,945.6
Egypt	3,875.8	0.3	3,320.3	0.5	555.4	0.1	2,764.9	4,615.9	0.4	4,205.8	0.6	410.0	0.1	3,795.8
Russia	3,429.8	0.3	2,151.5	0.3	1,278.3	0.2	873.2	3,830.6	0.3	2,716.8	0.4	1,113.7	0.2	1,603.1

Source : DOSM
Note : neg. - negligible

Table 3 : Major Export Destinations, 2011-2012

Country	Exports				
	2012p			2011	
	RM million	Share (%)	Change (%)	RM million	Share (%)
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**
Singapore	95,484.2	13.6	8.3	88,190.6	12.6
China	88,746.0	12.6	-3.1	91,550.7	13.1
Japan	82,933.2	11.8	1.9	81,368.0	11.7
United States	60,791.7	8.7	5.4	57,653.0	8.3
Thailand	37,705.1	5.4	5.5	35,742.5	5.1
Hong Kong	30,069.9	4.3	-3.8	31,252.6	4.5
India	29,334.2	4.2	4.2	28,154.4	4.0
Australia	29,101.5	4.1	13.3	25,682.6	3.7
Indonesia	27,619.4	3.9	32.5	20,841.1	3.0
South Korea	25,297.7	3.6	-3.6	26,252.2	3.8
Taiwan	21,820.1	3.1	-6.1	23,228.2	3.3
Netherlands	18,589.5	2.6	-3.6	19,280.7	2.8
Germany	16,019.9	2.3	-13.2	18,455.9	2.6
United Arab Emirates	12,415.1	1.8	-4.2	12,960.7	1.9
Vietnam	11,807.6	1.7	0.8	11,709.5	1.7
Philippines	10,475.6	1.5	-4.3	10,945.0	1.6
United Kingdom	6,807.4	1.0	-4.9	7,156.7	1.0
Pakistan	5,736.2	0.8	-26.5	7,804.4	1.1
France	5,464.1	0.8	-32.3	8,066.5	1.2
Bangladesh	4,648.6	0.7	-14.5	5,437.5	0.8
Mexico	4,576.2	0.7	-14.6	5,356.5	0.8
Saudi Arabia	3,784.9	0.5	5.9	3,574.6	0.5
New Zealand	3,611.4	0.5	19.9	3,011.7	0.4

Source : DOSM
*Note : * - not meaningful*
: neg. - negligible

Table 4 : Major Sources of Imports, 2011-2012

Country	Imports				
	2012p			2011	
	RM million	Share (%)	Change (%)	RM million	Share (%)
TOTAL	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**
China	91,864.5	15.1	21.3	75,706.5	13.2
Singapore	80,479.0	13.3	9.2	73,699.5	12.8
Japan	62,389.3	10.3	-4.5	65,362.0	11.4
United States	49,090.8	8.1	-11.4	55,405.5	9.7
Thailand	36,308.0	6.0	5.3	34,480.0	6.0
Indonesia	31,109.3	5.1	-11.4	35,113.0	6.1
Taiwan	25,222.3	4.2	-7.0	27,133.3	4.7
South Korea	24,668.7	4.1	6.0	23,270.7	4.1
Germany	23,213.0	3.8	5.6	21,976.5	3.8
Vietnam	16,095.6	2.7	55.5	10,348.3	1.8
Australia	14,615.6	2.4	14.1	12,810.3	2.2
Hong Kong	13,320.8	2.2	-2.1	13,600.9	2.4
France	13,029.6	2.1	37.0	9,512.5	1.7
United Arab Emirates	12,400.5	2.0	51.2	8,203.0	1.4
India	11,815.9	1.9	15.9	10,191.5	1.8
Saudi Arabia	7,556.1	1.2	-10.8	8,466.4	1.5
United Kingdom	6,830.4	1.1	11.2	6,141.5	1.1
Brazil	5,563.1	0.9	2.5	5,425.4	0.9
Italy	5,282.2	0.9	4.8	5,041.4	0.9
Netherlands	5,010.8	0.8	38.8	3,611.4	0.6
Philippines	4,801.2	0.8	0.4	4,781.5	0.8
Switzerland	4,446.9	0.7	-1.4	4,508.5	0.8
Qatar	4,130.6	0.7	-10.8	4,628.2	0.8

Source : DOSM
Note : neg. - negligible
** - not meaningful*

Table 5: Trade with ASEAN, 2011-2012

Country	Exports					Imports					Balance of Trade	
	2012p			2011		2012p			2011		2012p	2011
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**	**94,823.9**	**124,235.6**
ASEAN	188,215.5	26.8	9.7	171,636.9	24.6	169,921.0	28.0	6.5	159,493.2	27.8	18,294.5	12,143.7
Singapore	95,484.2	13.6	8.3	88,190.6	12.6	80,479.0	13.3	9.2	73,699.5	12.8	15,005.2	14,491.1
Thailand	37,705.1	5.4	5.5	35,742.5	5.1	36,308.0	6.0	5.3	34,480.0	6.0	1,397.1	1,262.4
Indonesia	27,619.4	3.9	32.5	20,841.1	3.0	31,109.3	5.1	-11.4	35,113.0	6.1	-3,489.9	-14,272.0
Vietnam	11,807.6	1.7	0.8	11,709.5	1.7	16,095.6	2.7	55.5	10,348.3	1.8	-4,288.1	1,361.2
Philippines	10,475.6	1.5	-4.3	10,945.0	1.6	4,801.2	0.8	0.4	4,781.5	0.8	5,674.4	6,163.5
Myanmar	2,176.4	0.3	27.3	1,710.3	0.2	566.9	0.1	-20.7	715.1	0.1	1,609.5	995.2
Brunei Darussalam	2,138.2	0.3	28.4	1,665.6	0.2	162.6	nil	8.7	149.5	nil	1,975.6	1,516.1
Cambodia	769.3	0.1	-2.6	790.2	0.1	397.1	0.1	94.7	203.9	nil	372.1	586.3
Lao PDR	39.8	nil	-5.3	42.1	nil	1.4	nil	-41.1	2.3	nil	38.5	39.8

Source : DOSM
Note: neg. - negligible

Table 6: Trade with NAFTA, 2011-2012

Country	Exports					Imports					Balance of Trade	
	2012p			2011		2012p			2011		2012p	2011
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**	**120,316.5**	**109,994.3**
NAFTA	68,295.6	9.7	3.8	65,791.6	9.4	52,836.6	8.7	-10.6	59,085.4	10.3	15,459.0	6,706.2
United States	60,791.7	8.7	5.4	57,653.0	8.3	49,090.8	8.1	-11.4	55,405.5	9.7	11,700.8	2,247.5
Mexico	4,576.2	0.7	-14.6	5,356.5	0.8	871.3	0.1	-0.9	879.1	0.2	3,704.9	4,477.3
Canada	2,927.7	0.4	5.2	2,782.1	0.4	2,874.5	0.5	2.6	2,800.8	0.5	53.3	-18.7

Source : DOSM

Table 7: Trade with the European Union, 2011-2012

Country	Exports					Imports					Balance of Trade	
	2012p			2011		2012p			2011		2012p	2011
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM Million	Share (%)	Change (%)	RM million	Share (%)	RM million	
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**	**94,823.9**	**124,235.6**
European Union	62,180.9	8.9	-13.7	72,030.9	10.3	65,526.7	10.8	11.3	58,858.2	10.3	-3,345.8	13,172.7
Netherlands	18,589.5	2.6	-3.6	19,280.7	2.8	5,010.8	0.8	38.8	3,611.4	0.6	13,578.7	15,669.3
Germany	16,019.9	2.3	-13.2	18,455.9	2.6	23,213.0	3.8	5.6	21,976.5	3.8	-7,193.1	-3,520.6
United Kingdom	6,807.4	1.0	-4.9	7,156.7	1.0	6,830.4	1.1	11.2	6,141.5	1.1	-23.0	1,015.2
France	5,464.1	0.8	-32.3	8,066.5	1.2	13,029.6	2.1	37.0	9,512.5	1.7	-7,565.5	-1,446.1
Italy	2,985.8	0.4	-17.3	3,610.4	0.5	5,282.2	0.9	4.8	5,041.4	0.9	-2,296.4	-1,431.0
Belgium	2,280.7	0.3	-23.4	2,978.0	0.4	2,661.1	0.4	24.6	2,134.9	0.4	-380.4	843.1
Spain	1,567.5	0.2	-19.3	1,943.4	0.3	1,288.7	0.2	6.4	1,211.1	0.2	278.8	732.3
Sweden	1,392.9	0.2	-8.7	1,526.5	0.2	2,001.9	0.3	1.4	1,974.2	0.3	-608.9	-447.8
Poland	935.0	0.1	6.2	880.1	0.1	502.6	0.1	20.2	418.2	0.1	432.4	461.9
Czech Republic	889.8	0.1	-38.7	1,452.6	0.2	348.4	0.1	2.2	340.8	0.1	541.4	1,111.8
Finland	836.8	0.1	-17.1	1,009.4	0.1	825.2	0.1	-12.1	939.3	0.2	11.5	70.1
Hungary	681.7	0.1	-45.4	1,247.7	0.2	253.2	0.0	-51.9	526.8	0.1	428.5	720.9
Denmark	596.7	0.1	-21.4	759.4	0.1	644.6	0.1	5.0	614.0	0.1	-47.9	145.4
Ireland	532.2	0.1	-8.4	581.0	0.1	971.8	0.2	-42.5	1,689.5	0.3	-439.6	-1,108.5
Portugal	431.7	0.1	-15.2	508.9	0.1	271.5	0.0	366.6	58.2	0.0	160.2	450.7
Greece	376.0	0.1	42.0	264.7	0.0	96.1	0.0	118.1	44.1	0.0	279.8	220.6
Romania	284.8	0.0	-19.0	351.8	0.1	71.9	0.0	-18.2	87.9	0.0	212.9	263.9
Slovakia	246.5	0.0	-25.1	328.9	0.0	51.7	0.0	-47.2	98.0	0.0	194.8	231.0
Austria	204.1	0.0	-47.8	391.1	0.1	1,485.1	0.2	-27.6	2,050.9	0.4	-1,281.0	-1,659.8
Latvia	200.6	0.0	70.0	118.0	0.0	58.2	0.0	75.7	33.1	0.0	142.3	84.8
Lithuania	167.8	0.0	-11.6	189.9	0.0	254.8	0.0	269.8	68.9	0.0	-86.9	121.0
Luxembourg	160.8	0.0	-37.9	258.9	0.0	101.4	0.0	22.5	82.8	0.0	59.4	176.2
Estonia	158.5	0.0	-15.0	186.5	0.0	12.7	0.0	38.3	9.2	0.0	145.8	177.3
Bulgaria	118.9	0.0	-40.7	200.4	0.0	85.2	0.0	7.8	79.0	0.0	33.6	121.4
Malta	100.2	0.0	16.6	86.0	0.0	74.3	0.0	111.6	35.1	0.0	26.0	50.9
Slovenia	93.0	0.0	-7.9	101.1	0.0	65.3	0.0	39.4	46.8	0.0	27.7	54.2
Cyprus	58.1	0.0	-39.8	96.6	0.0	35.0	0.0	8.7	32.2	0.0	23.2	64.5

Source : DOSM
Note: neg. - negligible
** - not meaningful*

Table 8: Trade with APEC, 2011-2012

Country	Exports					Imports					Balance of Trade	
	2012p			2011		2012p			2011		2012p	2011
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**	**94,823.9**	**124,235.6**
APEC	540,130.3	76.9	3.4	522,503.4	74.9	458,701.2	75.5	4.1	440,490.6	76.8	81,429.1	82,012.8
Singapore	95,484.2	13.6	8.3	88,190.6	12.6	80,479.0	13.3	9.2	73,699.5	12.8	15,005.2	14,491.1
China	88,746.0	12.6	-3.1	91,550.7	13.1	91,864.5	15.1	21.3	75,706.5	13.2	-3,118.5	15,844.2
Japan	82,933.2	11.8	1.9	81,368.0	11.7	62,389.3	10.3	-4.5	65,362.0	11.4	20,543.9	16,006.0
United States	60,791.7	8.7	5.4	57,653.0	8.3	49,090.8	8.1	-11.4	55,405.5	9.7	11,700.8	2,247.5
Thailand	37,705.1	5.4	5.5	35,742.5	5.1	36,308.0	6.0	5.3	34,480.0	6.0	1,397.1	1,262.4
Hong Kong	30,069.9	4.3	-3.8	31,252.6	4.5	13,320.8	2.2	-2.1	13,600.9	2.4	16,749.0	17,651.7
Australia	29,101.5	4.1	13.3	25,682.6	3.7	14,615.6	2.4	14.1	12,810.3	2.2	14,485.9	12,872.3
Indonesia	27,619.4	3.9	32.5	20,841.1	3.0	31,109.3	5.1	-11.4	35,113.0	6.1	-3,489.9	-14,272.0
South Korea	25,297.7	3.6	-3.6	26,252.2	3.8	24,668.7	4.1	6.0	23,270.7	4.1	629.0	2,981.5
Taiwan	21,820.1	3.1	-6.1	23,228.2	3.3	25,222.3	4.2	-7.0	27,133.3	4.7	-3,402.2	-3,905.1
Vietnam	11,807.6	1.7	0.8	11,709.5	1.7	16,095.6	2.7	55.5	10,348.3	1.8	-4,288.1	1,361.2
Philippines	10,475.6	1.5	-4.3	10,945.0	1.6	4,801.2	0.8	0.4	4,781.5	0.8	5,674.4	6,163.5
Mexico	4,576.2	0.7	-14.6	5,356.5	0.8	871.3	0.1	-0.9	879.1	0.2	3,704.9	4,477.3
New Zealand	3,611.4	0.5	19.9	3,011.7	0.4	2,421.7	0.4	0.5	2,410.6	0.4	1,189.7	601.1
Canada	2,927.7	0.4	5.2	2,782.1	0.4	2,874.5	0.5	2.6	2,800.8	0.5	53.3	-18.7
Russian	2,151.5	0.3	-20.8	2,716.8	0.4	1,278.3	0.2	14.8	1,113.7	0.2	873.2	1,603.1
Brunei Darussalam	2,138.2	0.3	28.4	1,665.6	0.2	162.6	0.0	8.7	149.5	0.0	1,975.6	1,516.1
Papua New Guinea	2,098.4	0.3	15.5	1,817.4	0.3	403.0	0.1	-32.9	600.9	0.1	1,695.5	1,216.5
Chile	421.3	0.1	10.9	379.7	0.1	646.7	0.1	-19.2	800.4	0.1	-225.4	-420.6
Peru	353.7	0.1	-1.1	357.5	0.1	78.0	0.0	226.1	23.9	0.0	275.7	333.6

Source : DOSM
Note: neg. - negligible

Table 9: Trade with Major Countries in the OIC, 2011-2012

Country	Exports					Imports					Balance of Trade	
	2012p			2011		2012p			2011		2012p	2011
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**	**94,823.9**	**124,235.6**
OIC	77,347.7	11.0	2.0	75,822.1	10.9	68,933.8	11.3	-1.0	69,608.9	12.1	8,413.8	6,213.2
D-8	48,385.9	6.9	4.0	46,538.0	6.7	33,597.0	5.5	20.4	37,235.7	6.5	11,265.9	6,088.3
Indonesia[1]	27,619.4	3.9	32.5	20,841.1	3.0	31,109.3	5.1	-11.4	35,113.0	6.1	-3,489.9	-14,272.0
United Arab Emirates	12,415.1	1.8	-4.2	12,960.7	1.9	12,400.5	2.0	51.2	8,203.0	1.4	14.6	4,757.8
Pakistan[1]	5,736.2	0.8	-26.5	7,804.4	1.1	780.0	0.1	0.6	775.0	0.1	4,956.2	7,029.4
Bangladesh[1]	4,648.6	0.7	-14.5	5,437.5	0.8	229.8	0.0	88.5	121.9	0.0	4,418.8	5,315.6
Saudi Arabia	3,784.9	0.5	5.9	3,574.6	0.5	7,556.1	1.2	-10.8	8,466.4	1.5	-3,771.2	-4,891.8
Iran	3,523.0	0.5	9.6	3,214.1	0.5	1,059.3	0.2	-40.1	1,768.5	0.3	2,463.7	1,445.5
Egypt[1]	3,320.3	0.5	-21.1	4,205.8	0.6	555.4	0.1	35.5	410.0	0.1	2,764.9	3,795.8
Turkey[1]	2,531.7	0.4	-18.6	3,110.1	0.4	625.3	0.1	15.3	542.1	0.1	1,906.5	2,568.0
Brunei Darussalam	2,138.2	0.3	28.4	1,665.6	0.2	162.6	0.0	8.7	149.5	0.0	1,975.6	1,516.1
Benin	1,052.6	0.1	-4.1	1,098.0	0.2	69.4	0.0	232.9	20.9	0.0	983.2	1,077.2
Nigeria[1]	1,006.8	0.1	-47.7	1,925.0	0.3	297.3	0.0	8.6	273.6	0.0	709.5	1,651.4
Oman	801.0	0.1	9.1	733.9	0.1	917.5	0.2	-40.3	1,537.5	0.3	-116.5	-803.6
Togo	777.3	0.1	2.2	760.8	0.1	38.9	0.0	-73.4	146.4	0.0	738.3	614.4
Qatar	737.9	0.1	31.7	560.2	0.1	4,130.6	0.7	-10.8	4,628.2	0.8	-3,392.7	-4,068.0
Sudan	713.3	0.1	148.2	287.4	0.0	2.1	0.0	41.1	1.5	0.0	711.2	285.9
Kuwait	650.6	0.1	-38.5	1,058.3	0.2	2,740.9	0.5	57.0	1,745.9	0.3	-2,090.3	-687.6
Yemen	625.4	0.1	15.9	539.7	0.1	26.5	0.0	55.4	17.0	0.0	598.9	522.7
Jordan	564.6	0.1	-17.1	680.7	0.1	183.4	0.0	-54.8	405.8	0.1	381.2	274.9
Algeria	412.5	0.1	-26.9	564.2	0.1	0.6	0.0	7.1	0.5	0.0	411.9	563.6
Iraq	358.3	0.1	64.6	217.6	nil	679.8	0.1	22,549.7	3.0	0.0	-321.5	214.6
Lebanon	313.8	nil	-3.4	324.9	nil	19.0	0.0	-56.4	43.7	0.0	294.8	281.2
Maldives	301.7	nil	5.0	287.4	nil	2.1	0.0	-58.8	5.2	0.0	299.5	282.2
Mozambique	294.1	nil	164.8	111.1	nil	30.2	0.0	-27.6	41.8	0.0	263.9	69.3

Source : DOSM
Note: [1] - Member of D-8
neg. - negligible
** - not meaningful*

Table 10: Trade with OECD, 2011-2012

Country	Exports					Imports					Balance of Trade	
	2012p			2011		2012p			2011		2012p	2011
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**	**94,823.9**	**124,235.6**
OECD	274,101.2	39.0	-1.1	277,206.6	39.7	227,619.1	37.5	0.3	227,025.2	39.6	46,482.1	50,181.5
Japan	82,933.2	11.8	1.9	81,368.0	11.7	62,389.3	10.3	-4.5	65,362.0	11.4	20,543.9	16,006.0
United States	60,791.7	8.7	5.4	57,653.0	8.3	49,090.8	8.1	-11.4	55,405.5	9.7	11,700.8	2,247.5
Australia	29,101.5	4.1	13.3	25,682.6	3.7	14,615.6	2.4	14.1	12,810.3	2.2	14,485.9	12,872.3
South Korea	25,297.7	3.6	-3.6	26,252.2	3.8	24,668.7	4.1	6.0	23,270.7	4.1	629.0	2,981.5
Netherlands	18,589.5	2.6	-3.6	19,280.7	2.8	5,010.8	0.8	38.8	3,611.4	0.6	13,578.7	15,669.3
Germany	16,019.9	2.3	-13.2	18,455.9	2.6	23,213.0	3.8	5.6	21,976.5	3.8	-7,193.1	-3,520.6
United Kingdom	6,807.4	1.0	-4.9	7,156.7	1.0	6,830.4	1.1	11.2	6,141.5	1.1	-23.0	1,015.2
France	5,464.1	0.8	-32.3	8,066.5	1.2	13,029.6	2.1	37.0	9,512.5	1.7	-7,565.5	-1,446.1
Mexico	4,576.2	0.7	-14.6	5,356.5	0.8	871.3	0.1	-0.9	879.1	0.2	3,704.9	4,477.3
New Zealand	3,611.4	0.5	19.9	3,011.7	0.4	2,421.7	0.4	0.5	2,410.6	0.4	1,189.7	601.1
Italy	2,985.8	0.4	-17.3	3,610.4	0.5	5,282.2	0.9	4.8	5,041.4	0.9	-2,296.4	-1,431.0
Canada	2,927.7	0.4	5.2	2,782.1	0.4	2,874.5	0.5	2.6	2,800.8	0.5	53.3	-18.7
Turkey	2,531.7	0.4	-18.6	3,110.1	0.4	625.3	0.1	15.3	542.1	0.1	1,906.5	2,568.0
Belgium	2,280.7	0.3	-23.4	2,978.0	0.4	2,661.1	0.4	24.6	2,134.9	0.4	-380.4	843.1
Spain	1,567.5	0.2	-19.3	1,943.4	0.3	1,288.7	0.2	6.4	1,211.1	0.2	278.8	732.3
Sweden	1,392.9	0.2	-8.7	1,526.5	0.2	2,001.9	0.3	1.4	1,974.2	0.3	-608.9	-447.8
Switzerland	1,036.6	0.1	4.3	994.3	0.1	4,446.9	0.7	-1.4	4,508.5	0.8	-3,410.4	-3,514.3
Poland	935.0	0.1	6.2	880.1	0.1	502.6	0.1	20.2	418.2	0.1	432.4	461.9
Czech Republic	889.8	0.1	-38.7	1,452.6	0.2	348.4	0.1	2.2	340.8	0.1	541.4	1,111.8
Finland	836.8	0.1	-17.1	1,009.4	0.1	825.2	0.1	-12.1	939.3	0.2	11.5	70.1
Hungary	681.7	0.1	-45.4	1,247.7	0.2	253.2	0.0	-51.9	526.8	0.1	428.5	720.9
Denmark	596.7	0.1	-21.4	759.4	0.1	644.6	0.1	5.0	614.0	0.1	-47.9	145.4
Ireland	532.2	0.1	-8.4	581.0	0.1	971.8	0.2	-42.5	1,689.5	0.3	-439.6	-1,108.5
Portugal	431.7	0.1	-15.2	508.9	0.1	271.5	0.0	366.6	58.2	0.0	160.2	450.7
Greece	376.0	0.1	42.0	264.7	0.0	96.1	0.0	118.1	44.1	0.0	279.8	220.6
Norway	287.8	0.0	-1.7	292.7	0.0	706.5	0.1	30.1	542.9	0.1	-418.7	-250.3
Slovak Republic	246.5	0.0	-25.1	328.9	0.0	51.7	0.0	-47.2	98.0	0.0	194.8	231.0
Austria	204.1	0.0	-47.8	391.1	0.1	1,485.1	0.2	-27.6	2,050.9	0.4	-1,281.0	-1,659.8
Luxembourg	160.8	0.0	-37.9	258.9	0.0	101.4	0.0	22.5	82.8	0.0	59.4	176.2
Iceland	6.7	0.0	144.4	2.8	0.0	39.2	0.0	46.9	26.7	0.0	-32.4	-23.9

Source : DOSM
Note: neg. - negligible
** - not meaningful*

Table 11: Trade with Major Asian Countries, 2011-2012

Country	Exports					Imports					Balance of Trade	
	2012p			2011		2012p			2011		2012p	2011
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**	**94,823.9**	**124,235.6**
Asia	507,053.6	72.2	1.9	497,626.7	71.3	431,600.8	71.1	6.8	404,195.9	70.5	75,452.8	93,430.8
North East Asia	249,022.9	35.5	-1.9	253,834.0	36.4	217,497.3	35.8	6.0	205,121.5	35.8	31,525.6	48,712.6
China	88,746.0	12.6	-3.1	91,550.7	13.1	91,864.5	15.1	21.3	75,706.5	13.2	-3,118.5	15,844.2
Hong Kong	82,933.2	11.8	1.9	81,368.0	11.7	62,389.3	10.3	-4.5	65,362.0	11.4	20,543.9	16,006.0
Macau	30,069.9	4.3	-3.8	31,252.6	4.5	13,320.8	2.2	-2.1	13,600.9	2.4	16,749.0	17,651.7
Japan	25,297.7	3.6	-3.6	26,252.2	3.8	24,668.7	4.1	6.0	23,270.7	4.1	629.0	2,981.5
South Korea	21,820.1	3.1	-6.1	23,228.2	3.3	25,222.3	4.2	-7.0	27,133.3	4.7	-3,402.2	-3,905.1
South East Asia	188,243.4	26.8	9.7	171,649.7	24.6	169,924.4	28.0	6.5	159,493.8	27.8	18,319.1	12,155.8
Singapore	95,484.2	13.6	8.3	88,190.6	12.6	80,479.0	13.3	9.2	73,699.5	12.8	15,005.2	14,491.1
Thailand	37,705.1	5.4	5.5	35,742.5	5.1	36,308.0	6.0	5.3	34,480.0	6.0	1,397.1	1,262.4
Indonesia	27,619.4	3.9	32.5	20,841.1	3.0	31,109.3	5.1	-11.4	35,113.0	6.1	-3,489.9	-14,272.0
South Asia	42,597.7	6.1	-3.0	43,898.3	6.3	13,078.9	2.2	12.4	11,640.2	2.0	29,518.8	32,258.1
India	29,334.2	4.2	4.2	28,154.4	4.0	11,815.9	1.9	15.9	10,191.5	1.8	17,518.3	17,962.9
Pakistan	5,736.2	0.8	-26.5	7,804.4	1.1	780.0	0.1	0.6	775.0	0.1	4,956.2	7,029.4
Bangladesh	4,648.6	0.7	-14.5	5,437.5	0.8	229.8	0.0	88.5	121.9	0.0	4,418.8	5,315.6
Sri Lanka	2,405.6	0.3	17.3	2,051.6	0.3	246.9	0.0	-54.3	540.5	0.1	2,158.7	1,511.1
West Asia	26,799.7	3.8	-3.9	27,899.0	4.0	31,067.4	5.1	11.3	27,909.2	4.9	-4,267.7	-10.2
United Arab Emirates	12,415.1	1.8	-4.2	12,960.7	1.9	12,400.5	2.0	51.2	8,203.0	1.4	14.6	4,757.8
Saudi Arabia	3,784.9	0.5	5.9	3,574.6	0.5	7,556.1	1.2	-10.8	8,466.4	1.5	-3,771.2	-4,891.8
Iran	3,523.0	0.5	9.6	3,214.1	0.5	1,059.3	0.2	-40.1	1,768.5	0.3	2,463.7	1,445.5
Turkey	2,531.7	0.4	-18.6	3,110.1	0.4	625.3	0.1	15.3	542.1	0.1	1,906.5	2,568.0
Central Asia	389.9	0.1	-18.1	476.0	0.1	32.8	nill	5.2	31.2	nill	357.1	444.8
Uzbekistan	179.9	0.0	-10.8	201.6	nill	21.2	nill	-23.7	27.8	nill	158.7	173.8
Kazakhstan	157.3	0.0	-14.5	183.9	nill	10.8	nill	263.8	3.0	nill	146.5	181.0

Source : DOSM
Note: neg. - negligible
** - not meaningful*

Table 12: Trade with Major Countries in the Americas, 2011-2012

Country	Exports					Imports					Balance of Trade	
	2012^p			2011		2012^p			2011		2012^p	2011
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**	**94,823.9**	**124,235.6**
Americas	75,775.6	10.8	3.4	73,279.3	10.5	71,906.9	11.8	-3.5	74,489.3	13.0	3,868.8	-1,210.0
North America	63,721.6	9.1	5.4	60,435.1	8.7	51,965.7	8.6	-10.7	58,206.3	10.1	11,754.1	2,228.8
United States	60,791.7	8.7	5.4	57,653.0	8.3	49,090.8	8.1	-11.4	55,405.5	9.7	11,700.8	2,247.5
Canada	2,927.7	0.4	5.2	2,782.1	0.4	2,874.5	0.5	2.6	2,800.8	0.5	53.3	-18.7
Central America	5,522.3	0.8	-11.7	6,255.5	0.9	4,875.3	0.8	-6.4	5,208.4	0.9	647.0	1,047.2
Mexico	4,576.2	0.7	-14.6	5,356.5	0.8	871.3	0.1	-0.9	879.1	0.2	3,704.9	4,477.3
Panama	520.5	0.1	5.5	493.5	0.1	264.4	0.0	108.4	126.9	0.0	256.1	366.6
Costa Rica	188.4	nill	-0.4	189.3	nill	3,722.9	0.6	-10.0	4,134.8	0.7	-3,534.4	-3,945.6
Honduras	82.1	nill	53.2	53.6	nill	3.5	nill	1,339.8	0.2	nill	78.6	53.4
Guatemala	77.1	nill	-16.2	92.0	nill	6.6	nill	-89.7	64.1	nill	70.5	27.9
El Salvador	54.2	nill	21.7	44.5	nill	1.5	nill	-30.9	2.1	nill	52.7	42.4
South America	5,958.9	0.8	2.5	5,811.5	0.8	14,842.9	0.2	36.2	10,895.2	1.9	-8,884.0	-5,083.7
Brazil	3,359.8	0.5	-1.8	3,419.8	0.5	5,563.1	0.9	2.5	5,425.4	0.9	-2,203.4	-2,005.6
Argentina	911.4	0.1	12.3	811.8	0.1	3,661.4	0.6	6.9	3,424.1	0.6	-2,750.0	-2,612.4
Chile	421.3	0.1	10.9	379.7	0.1	646.7	0.1	-19.2	800.4	0.1	-225.4	-420.6
Colombia	370.7	0.1	3.0	359.8	0.1	2,202.3	0.4	538.9	344.7	0.1	-1,831.6	15.1
Peru	353.7	0.1	-1.1	357.5	0.1	78.0	nill	226.1	23.9	nill	275.7	333.6
Venezuela	186.9	0.0	5.9	176.5	nill	2,321.9	0.4	370.8	493.2	0.1	-2,134.9	-316.7
Uruguay	183.8	0.0	28.7	142.8	nill	94.3	nill	261.0	26.1	nill	89.5	116.7
Ecuador	94.7	0.0	25.3	75.6	nill	126.0	nill	-38.9	206.2	nill	-31.3	-130.7
Carribean	209.6	0.0	-59.8	522.1	0.1	48.4	0.0	24.2	39.0	nill	161.2	483.1

Source : DOSM
Note: neg. - negligible
** - not meaningful*

Table 13: Trade with Major European Countries, 2011-2012

Country	Exports					Imports					Balance of Trade	
	2012p			2011		2012p			2011		2012p	2011
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**	**94,823.9**	**124,235.6**
EUROPE	67,181.5	9.6	-13.1	77,278.7	11.1	72,802.4	12.0	10.0	66,201.4	11.5	-5,620.9	11,077.3
European Union	62,180.9	8.9	-13.7	72,030.9	10.3	65,526.7	10.8	11.3	58,858.2	10.3	-3,345.8	13,172.7
Other European Countries	5,058.7	0.7	-5.3	5,344.2	0.8	7,310.7	1.2	-0.9	7,376.4	1.3	-2,252.0	-2,032.2
Russia	2,151.5	0.3	-20.8	2,716.8	0.4	1,278.3	0.2	14.8	1,113.7	0.2	873.2	1,603.1
Ukraine	1,355.5	0.2	25.3	1,082.2	0.2	569.4	0.1	-25.4	763.1	0.1	786.2	319.1
Switzerland	1,036.6	0.1	4.3	994.3	0.1	4,446.9	0.7	-1.4	4,508.5	0.8	-3,410.4	-3,514.3
Norway	287.8	nill	-1.7	292.7	nill	706.5	0.1	30.1	542.9	0.1	-418.7	-250.3
Georgia	73.5	nill	45.5	50.5	nill	13.5	0.0	-74.2	52.5	nill	60.0	-2.0
Croatia	62.5	nill	-12.7	71.5	nill	7.2	0.0	-42.9	12.7	nill	55.2	58.9
Belarus	31.2	nill	-21.2	39.5	nill	114.2	0.0	-33.2	171.1	nill	-83.1	-131.6
Azerbaijan	23.4	nill	-16.4	28.0	nill	128.9	0.0	-24.3	170.4	nill	-105.5	-142.4
Montenegro	17.2	nill	-35.2	26.6	nill	0.1	0.0	-26.1	0.1	nill	17.1	26.5
Albania	6.8	nill	-34.0	10.3	nill	1.7	0.0	65.4	1.0	nill	5.1	9.2
Iceland	6.7	nill	144.4	2.8	nill	39.2	0.0	46.9	26.7	nill	-32.4	-23.9
Armenia	2.7	nill	-49.6	5.3	nill	0.2	0.0	148.5	0.1	nill	2.5	5.2
Liechtenstein	0.9	nill	-93.9	14.5	nill	2.8	0.0	-67.4	8.5	nill	-1.9	6.0
Bosnia - Herzegovina	0.9	nill	-83.6	5.3	nill	1.0	0.0	-53.0	2.2	nill	-0.2	3.1
Moldova	0.7	nill	-75.4	2.7	nill	0.5	0.0	7,387.7	0.0	nill	0.1	2.7
Andorra	0.4	nill	73.9	0.2	nill	0.2	0.0	-67.9	0.7	nill	0.2	-0.4
Gibraltar	0.4	nill	52.8	0.2	nill	0.0	0.0	-82.9	0.1	nill	0.3	0.1
Greenland	0.1	nill	3,045.1	0.0	nill	0.0	0.0	-100.0	1.1	nill	0.1	-1.1
Monaco	0.1	nill	-44.9	0.2	nill	0.0	0.0	-99.7	0.4	nill	0.1	-0.2
San Marino	0.0	nill	-93.3	0.0	nill	0.0	0.0	nill	0.0	nill	nill	0.0
Faeroe Islands	0.0	nill	-100.0	0.3	nill	0.0	0.0	nill	0.0	nill	nill	0.3

Source : DOSM
Note: neg. - negligible
** - not meaningful*

Table 14: Trade with Major African Countries, 2011-2012

Country	Exports					Imports					Balance of Trade	
	2012p			2011		2012p			2011		2012p	2011
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**	**94,823.9**	**124,235.6**
Africa	16,725.8	2.4	-8.1	18,195.1	2.6	10,747.3	1.8	1.7	10,565.6	1.5	5,978.5	7,629.5
Egypt	3,320.3	0.5	-21.1	4,205.8	0.6	555.4	0.1	35.5	410.0	0.1	2,764.9	3,795.8
South Africa	3,294.8	0.5	4.3	3,159.8	0.5	2,858.1	0.5	-14.4	3,340.5	0.5	436.7	-180.7
Benin	1,052.6	0.1	-4.1	1,098.0	0.2	69.4	0.0	232.9	20.9	0.0	983.2	1,077.2
Nigeria	1,006.8	0.1	-47.7	1,925.0	0.3	297.3	0.0	8.6	273.6	0.0	709.5	1,651.4
Ghana	785.7	0.1	25.9	624.3	0.1	980.9	0.2	52.5	643.4	0.1	-195.2	-19.1
Togo	777.3	0.1	2.2	760.8	0.1	38.9	0.0	-73.4	146.4	0.0	738.3	614.4
Sudan	713.3	0.1	148.2	287.4	0.0	2.1	0.0	41.1	1.5	0.0	711.2	285.9
Angola	555.4	0.1	-35.8	864.7	0.1	3.7	0.0	-50.2	7.4	0.0	551.7	857.4
Tanzania	511.8	0.1	56.3	327.4	0.0	27.6	0.0	-48.2	53.3	0.0	484.2	274.1
Algeria	412.5	0.1	-26.9	564.2	0.1	0.6	0.0	7.1	0.5	0.0	411.9	563.6
Kenya	391.7	0.1	33.2	294.1	0.0	13.4	0.0	-28.4	18.7	0.0	378.3	275.4
Mauritius	367.6	0.1	18.7	309.5	0.0	9.3	0.0	-37.7	14.9	0.0	358.3	294.6
Mozambique	294.1	0.0	164.8	111.1	0.0	30.2	0.0	-27.6	41.8	0.0	263.9	69.3
Cameroon	255.2	0.0	44.5	176.5	0.0	264.8	0.0	26.0	210.1	0.0	-9.6	-33.5
Ethiopia	246.1	0.0	-4.7	258.2	0.0	0.8	0.0	-60.3	2.0	0.0	245.3	256.2
Djibouti	240.1	0.0	-51.3	492.6	0.1	0.1	0.0	-77.7	0.4	0.0	240.0	492.2
Cote D'Ivoire	236.8	0.0	182.8	83.8	0.0	1,110.0	0.2	11.2	998.0	0.1	-873.2	-914.2
Congo	236.5	0.0	-30.5	340.4	0.0	872.2	0.1	61.2	540.9	0.1	-635.6	-200.6
Morocco	222.6	0.0	-12.6	254.6	0.0	44.0	0.0	-11.6	49.8	0.0	178.6	204.8
Mauritania	202.5	0.0	-47.8	388.1	0.1	0.7	0.0	1,458.1	0.0	0.0	201.7	388.0
Madagascar	173.4	0.0	-4.6	181.6	0.0	11.8	0.0	279.4	3.1	0.0	161.5	178.5
Tunisia	157.4	0.0	-8.6	172.2	0.0	74.3	0.0	88.5	39.4	0.0	83.1	132.8
Liberia	157.3	0.0	10.3	142.6	0.0	119.8	0.0	44.6	82.8	0.0	37.6	59.8
Guinea	105.0	0.0	-54.5	230.9	0.0	19.9	0.0	110.1	9.5	0.0	85.1	221.4
Sierra Leone	94.7	0.0	-48.7	184.6	0.0	6.3	0.0	152.3	2.5	0.0	88.4	182.1
Reunion Islands	92.4	0.0	42.5	64.8	0.0	2.4	0.0	21.3	2.0	0.0	89.9	62.8
Senegal	90.1	0.0	15.7	77.8	0.0	5.8	0.0	-58.8	14.0	0.0	84.3	63.8
Gambia	89.1	0.0	-14.9	104.7	0.0	0.0	0.0	-99.8	0.5	0.0	89.0	104.2
Gabon	75.6	0.0	-10.3	84.3	0.0	572.5	0.1	-80.3	2,906.6	0.4	-496.9	-2,822.3
Uganda	62.8	0.0	21.6	51.6	0.0	103.3	0.0	357.4	22.6	0.0	-40.5	29.0

Source : DOSM
Note: neg. - negligible
** - not meaningful*

Table 15 : Major Exports of Manufactured Goods to Top Five Destinations, 2011-2012

Products	Country	2012		2011	
		RM million	Share (%)	RM million	Share (%)
TOTAL		**702,187.9**	**100.0**	**697,861.9**	**100.0**
Manufactured Goods	**Total**	**470,393.0**	**67.0**	**471,003.1**	**67.5**
Electrical & electronics products	**Total**	**231,225.4**	**32.9**	**237,260.7**	**34.0**
	China	40,714.2	5.8	41,561.3	6.0
	United States	32,894.1	4.7	30,484.1	4.4
	Singapore	32,285.2	4.6	32,186.6	4.6
	Hong Kong SAR	22,997.4	3.3	23,778.4	3.4
	Japan	16,196.7	2.3	17,754.9	2.5
Chemicals & chemical products	**Total**	**46,370.3**	**6.6**	**47,184.2**	**6.8**
	China	8,976.6	1.3	8,211.6	1.2
	Indonesia	4,957.7	0.7	4,360.1	0.6
	Thailand	4,017.0	0.6	3,949.0	0.6
	Singapore	3,644.6	0.5	3,627.6	0.5
	India	3,114.1	0.4	3,070.7	0.4
Machinery, appliances & parts	**Total**	**25,197.4**	**3.6**	**23,744.7**	**3.4**
	Singapore	4,522.0	0.6	4,536.2	0.7
	Indonesia	2,600.3	0.4	2,360.8	0.3
	Thailand	2,260.5	0.3	1,954.3	0.3
	China	1,609.1	0.2	1,320.2	0.2
	United States	1,431.5	0.2	1,565.7	0.2
Optical & scientific equipment	**Total**	**22,921.9**	**3.3**	**18,760.3**	**2.7**
	United States	4,512.2	0.6	3,423.3	0.5
	Singapore	2,726.7	0.4	2,635.7	0.4
	Japan	2,430.6	0.3	2,346.6	0.3
	China	1,941.4	0.3	1,572.2	0.2
	Thailand	1,875.5	0.3	1,269.8	0.2
Manufactures of metal	**Total**	**20,144.3**	**2.9**	**21,464.6**	**3.1**
	Singapore	3,673.6	0.5	3,995.3	0.6
	Thailand	1,756.6	0.3	1,660.7	0.2
	China	1,523.5	0.2	1,630.9	0.2
	Japan	1,443.7	0.2	1,640.6	0.2
	Indonesia	1,079.1	0.2	996.2	0.1
Rubber products	**Total**	**20,140.5**	**2.9**	**18,205.3**	**2.6**
	China	6,063.4	0.9	4,752.1	0.7
	United States	3,992.4	0.6	3,662.1	0.5
	Germany	895.2	0.1	843.7	0.1
	Japan	767.5	0.1	740.3	0.1
	Thailand	611.4	0.1	593.7	0.1
Wood products	**Total**	**14,903.6**	**2.1**	**14,683.3**	**2.1**
	Japan	3,717.5	0.5	4,125.5	0.6
	United States	2,365.6	0.3	2,135.4	0.3
	Singapore	715.8	0.1	660.6	0.1
	Australia	708.2	0.1	696.7	0.1
	Korea	693.7	0.1	584.3	0.1
Processed food	**Total**	**13,435.0**	**1.9**	**13,500.6**	**1.9**
	Singapore	2,048.1	0.3	1,986.0	0.3
	Indonesia	1,348.2	0.2	1,217.3	0.2
	Thailand	893.7	0.1	653.1	0.1
	China	849.9	0.1	777.8	0.1
	United States	662.8	0.1	990.9	0.1
Transport equipment	**Total**	**10,212.9**	**1.5**	**8,759.6**	**1.3**
	India	1,406.4	0.2	332.9	neg.
	Indonesia	1,122.0	0.2	883.2	0.1
	Singapore	1,085.2	0.2	1,585.2	0.2
	United States	1,018.1	0.1	780.6	0.1
	Thailand	995.5	0.1	595.8	0.1
Manufactures of plastics	**Total**	**10,006.5**	**1.4**	**9,993.4**	**1.4**
	Singapore	1,971.1	0.3	1,934.1	0.3
	Japan	1,292.0	0.2	1,415.7	0.2
	United States	691.0	0.1	607.5	0.1
	Thailand	674.8	0.1	687.1	0.1
	Australia	668.3	0.1	619.8	0.1

Source : DOSM

Table 16: Major Imports of Manufactured Goods from Top Five Suppliers, 2011-2012

Products	Country	2012		2011	
		RM million	Share (%)	RM million	Share (%)
TOTAL		**607,364.0**	**100.0**	**573,626.3**	**100.0**
Manufactured Goods	**Total**	**462,682.9**	**76.2**	**447,115.6**	**77.9**
Electrical & electronics products	**Total**	**175,000.9**	**28.8**	**178,147.3**	**31.1**
	China	41,986.3	6.9	32,757.2	5.7
	Singapore	21,886.3	3.6	24,872.3	4.3
	United States	21,495.3	3.5	26,638.2	4.6
	Japan	18,344.7	3.0	19,954.8	3.5
	Taiwan	12,888.7	2.1	14,600.9	2.5
Machinery, appliances & parts	**Total**	**52,851.9**	**8.7**	**46,970.6**	**8.2**
	China	10,571.6	1.7	8,868.9	1.5
	Japan	9,470.5	1.6	8,317.7	1.5
	United States	5,896.9	1.0	6,139.4	1.1
	Germany	4,408.3	0.7	3,988.1	0.7
	Thailand	3,778.9	0.6	3,268.3	0.6
Chemicals & chemical products	**Total**	**52,029.2**	**8.6**	**51,142.9**	**8.9**
	China	6,810.0	1.1	6,227.9	1.1
	Singapore	6,705.0	1.1	6,537.4	1.1
	Japan	4,801.6	0.8	5,069.6	0.9
	United States	4,403.5	0.7	4,436.2	0.8
	Thailand	3,467.0	0.6	3,543.3	0.6
Transport Equipment	**Total**	**39,199.2**	**6.5**	**30,163.9**	**5.3**
	France	8,312.5	1.4	4,252.5	0.7
	Japan	7,926.5	1.3	7,123.0	1.2
	Thailand	6,062.2	1.0	4,020.0	0.7
	China	3,952.6	0.7	2,515.8	0.4
	United States	3,334.3	0.5	3,452.4	0.6
Manufactures of metal	**Total**	**32,056.0**	**5.3**	**32,858.6**	**5.7**
	China	5,505.6	0.9	4,444.1	0.8
	Japan	5,187.2	0.9	5,738.3	1.0
	Australia	5,061.9	0.8	3,724.1	0.6
	Singapore	2,807.8	0.5	2,266.9	0.4
	Indonesia	2,077.2	0.3	3,481.8	0.6
Iron & steel products	**Total**	**25,228.0**	**4.2**	**24,835.6**	**4.3**
	Japan	6,356.5	1.0	6,535.6	1.1
	China	4,377.0	0.7	3,457.5	0.6
	South Korea	3,254.7	0.5	3,022.4	0.5
	Taiwan	2,361.6	0.4	2,529.5	0.4
	United States	1,406.9	0.2	1,966.0	0.3
Optical & scientific equipment	**Total**	**18,251.7**	**3.0**	**18,346.8**	**3.2**
	United States	3,411.4	0.6	3,187.4	0.6
	China	2,773.7	0.5	2,406.8	0.4
	Singapore	2,528.3	0.4	2,606.1	0.5
	Japan	2,469.9	0.4	4,275.4	0.7
	Germany	1,243.8	0.2	1,118.4	0.2
Processed food	**Total**	**14,219.2**	**2.3**	**13,056.6**	**2.3**
	Thailand	1,846.5	0.3	1,649.0	0.3
	Brazil	1,588.9	0.3	2,040.0	0.4
	New Zealand	1,526.8	0.3	1,534.6	0.3
	Australia	1,390.2	0.2	997.4	0.2
	United States	1,196.9	0.2	1,152.9	0.2
Textile & Clothings	**Total**	**6,731.5**	**1.1**	**6,591.1**	**1.1**
	China	2,624.3	0.4	2,693.9	0.5
	Taiwan	526.0	0.1	587.6	0.1
	Indonesia	511.3	0.1	458.7	0.1
	Japan	413.6	0.1	444.1	0.1
	Thailand	396.5	0.1	409.0	0.1
Manufactures of plastics	**Total**	**6,654.0**	**1.1**	**6,578.2**	**1.1**
	China	1,582.1	0.3	1,506.7	0.3
	Japan	1,198.1	0.2	1,233.5	0.2
	Singapore	697.1	0.1	739.5	0.1
	USA	550.8	0.1	572.3	0.1
	Thailand	506.4	0.1	500.3	0.1

Source : DOSM

Table 17 : Exports of Top Ten Products to Selected Destinations, 2011-2012

Products	2012			2011	
	RM million	Share (%)	Change (%)	RM million	Share (%)
TOTAL	**702,187.9**	**100.0**	**0.6**	**697,861.9**	**100.0**
Manufactured Goods	**470,393.0**	**67.0**	**-0.1**	**471,003.1**	**67.5**
Agricultural Goods	**80,260.1**	**11.4**	**-14.9**	**94,289.9**	**13.5**
Mining Goods	**145,247.8**	**20.7**	**13.6**	**127,912.8**	**18.3**
ASEAN	**188,215.5**	**26.8**	**9.7**	**171,636.9**	**24.6**
Manufactured Goods	132,214.0	18.8	5.1	125,854.2	18.0
Agricultural Goods	11,509.6	1.6	-1.3	11,656.1	1.7
Mining Goods	42,600.0	6.1	30.5	32,637.0	4.7
Electrical & Electronic Products	52,996.4	7.5	5.8	50,106.0	7.2
Refined Petroleum Products	34,784.2	5.0	47.0	23,670.4	3.4
Chemicals & Chemical Products	16,373.7	2.3	5.7	15,491.3	2.2
Machinery, Appliance & Parts	10,974.9	1.6	6.0	10,354.5	1.5
Manufactures of Metal	7,820.2	1.1	-1.9	7,970.4	1.1
Crude Petroleum	6,787.6	1.0	-11.5	7,669.9	1.1
Palm Oil	5,560.1	0.8	-14.6	6,510.3	0.9
Processed Food	5,802.3	0.8	12.0	5,180.2	0.7
Optical & Scientific Equipment	5,668.7	0.8	20.3	4,710.9	0.7
Iron & Steel Products	4,337.1	0.6	-7.5	4,689.6	0.7
CHINA	**88,746.0**	**17.4**	**-3.2**	**91,550.7**	**13.1**
Manufactured Goods	65,005.0	9.3	3.1	63,055.8	9.0
Agriculture Goods	14,877.1	2.1	-30.4	21,385.1	3.1
Mining Goods	8,579.3	1.2	24.9	6,869.7	1.0
Electrical & Electronic Products	40,714.2	5.8	-2.0	41,561.3	6.0
Palm Oil	10,680.2	1.5	-23.5	13,955.6	2.0
Chemicals & Chemical Products	8,976.6	1.3	9.3	8,211.6	1.2
Rubber Products	6,063.4	0.9	27.6	4,752.1	0.7
Crude Rubber	3,046.8	0.4	-48.5	5,912.5	0.8
Refined Petroleum Products	2,653.5	0.4	142.7	1,093.4	0.2
LNG	2,345.1	0.3	32.8	1,766.1	0.3
Optical & Scientific Equipment	1,941.4	0.3	23.5	1,572.2	0.2
Machinery, Appliance & Parts	1,609.1	0.2	21.9	1,320.2	0.2
Crude Petroleum	1,594.9	0.2	-33.1	2,382.5	0.3
JAPAN	**82,933.2**	**16.2**	**1.9**	**81,368.0**	**11.7**
Manufactured Goods	33,757.5	4.8	-9.5	37,302.4	5.3
Agriculture Goods	3,635.3	0.5	-12.8	4,168.4	0.6
Mining Goods	45,319.5	6.5	14.1	39,718.0	5.7
LNG	39,138.0	5.6	10.2	35,531.5	5.1
Electrical & Electronic Products	16,196.7	2.3	-8.8	17,754.9	2.5
Wood Products	3,717.5	0.5	-9.9	4,125.5	0.6
Crude Petroleum	3,003.7	0.4	21.6	2,470.7	0.4
Chemicals & Chemical Products	2,891.4	0.4	-11.7	3,272.7	0.5
Optical & Scientific Equipment	2,430.6	0.3	3.6	2,346.6	0.3
Refined Petroleum Products	2,284.6	0.3	81.3	1,260.4	0.2
Palm Oil	2,099.8	0.3	-14.2	2,448.0	0.4
Manufactures of Metal	1,443.7	0.2	-12.0	1,640.6	0.2
Manufacture of Plastics	1,292.0	0.2	-8.7	1,415.7	0.2
EU	**62,180.9**	**8.9**	**-13.7**	**72,030.9**	**10.3**
Manufactured Goods	50,471.6	7.2	-14.0	58,657.7	8.4
Agriculture Goods	10,629.8	1.5	-10.7	11,899.4	1.7
Mining Goods	656.9	0.1	-43.2	1,156.5	0.2
Electrical & Electronic Products	26,896.8	3.8	-17.9	32,777.5	4.7
Palm Oil	7,204.5	1.0	5.2	6,849.4	1.0
Optical & Scientific Equipment	3,728.4	0.5	17.0	3,186.5	0.5
Rubber Products	3,406.6	0.5	-1.2	3,447.6	0.5
Chemicals & Chemical Products	3,363.7	0.5	-20.6	4,236.7	0.6
Crude Rubber	2,407.5	0.3	-38.3	3,905.2	0.6
Machinery, Appliance & Parts	2,302.3	0.3	-12.8	2,638.8	0.4
Transport Equipment	1,613.4	0.2	4.5	1,544.6	0.2
Manufactures of Metal	1,414.6	0.2	-42.4	2,456.9	0.4
Wood Products	1,372.7	0.2	-3.6	1,423.4	0.2
UNITED STATES	**60,791.7**	**11.9**	**5.4**	**57,653.0**	**8.3**
Manufactured Goods	54,621.4	7.8	7.4	50,866.8	7.3
Agriculture Goods	4,978.4	0.7	-17.6	6,045.4	0.9
Mining Goods	868.3	0.1	45.9	595.3	0.1
Electrical & Electronic Products	32,894.1	4.7	7.9	30,484.1	4.4
Optical & Scientific Equipment	4,512.2	0.6	31.8	3,423.3	0.5
Rubber Products	3,992.4	0.6	9.0	3,662.1	0.5
Palm Oil	3,731.4	0.5	-18.7	4,591.1	0.7
Wood Products	2,365.6	0.3	10.8	2,135.4	0.3
Textile & Clothings	1,845.0	0.3	-8.1	2,007.6	0.3
Chemicals & Chemical Products	1,622.0	0.2	-7.8	1,758.5	0.3
Machinery, Appliance & Parts	1,431.5	0.2	-8.6	1,565.7	0.2
Manufactures of Metal	1,073.1	0.2	4.6	1,025.9	0.1
Transport Equipment	1,018.1	0.1	30.4	780.6	0.1

Source : DOSM

Table 18: Imports of Top Ten Products from Selected Sources, 2011-2012

Products	2012			2011	
	RM million	Share (%)	Change (%)	RM million	Share (%)
TOTAL	**607,364.0**	**100.0**	**5.9**	**573,626.3**	**100.0**
Manufactured Goods	**462,682.9**	**76.2**	**3.5**	**447,115.6**	**77.9**
Agriculture Goods	**41,173.8**	**6.8**	**-2.0**	**42,025.9**	**7.3**
Mining Goods	**90,534.1**	**14.9**	**25.8**	**71,954.0**	**12.5**
ASEAN	**169,921.0**	**28.0**	**6.5**	**159,493.2**	**27.8**
Manufactured Goods	100,142.9	16.5	4.1	96,186.7	16.8
Agriculture Goods	20,573.6	3.4	-5.6	21,790.3	3.8
Mining Goods	49,204.6	8.1	18.5	41,516.2	7.2
Electrical & Electronic Products	38,938.4	6.4	0.2	38,844.3	6.8
Refined Petroleum Products	36,039.8	5.9	31.0	27,509.5	4.8
Chemicals & Chemical Products	13,657.5	2.2	3.4	13,204.7	2.3
Machinery, Appliance & Parts	8,913.5	1.5	16.7	7,640.2	1.3
Transport Equipment	8,063.0	1.3	31.1	6,150.7	1.1
Palm Oil	7,234.0	1.2	-18.5	8,881.3	1.5
Crude Rubber	6,760.3	1.1	15.3	5,864.6	1.0
Manufactures of Metal	6,174.4	1.0	-15.2	7,279.2	1.3
Processed Food	4,220.8	0.7	9.6	3,849.6	0.7
Crude Petroleum	3,598.2	0.6	-17.1	4,342.2	0.8
CHINA	**91,864.5**	**15.1**	**21.3**	**75,706.5**	**13.2**
Manufactured Goods	87,499.6	14.4	22.3	71,570.8	12.5
Agriculture Goods	3,017.5	0.5	-5.1	3,179.2	0.6
Mining Goods	799.6	0.1	67.6	477.1	0.1
Electrical & Electronic Products	41,986.3	6.9	28.2	32,757.2	5.7
Machinery, Appliance & Parts	10,571.6	1.7	19.2	8,868.9	1.5
Chemicals & Chemical Products	6,810.0	1.1	9.3	6,227.9	1.1
Manufactures of Metal	5,505.6	0.9	23.9	4,444.1	0.8
Iron & Steel Products	4,377.0	0.7	26.6	3,457.5	0.6
Transport Equipment	3,952.6	0.7	57.1	2,515.8	0.4
Optical & Scientific Equipment	2,773.7	0.5	15.2	2,406.8	0.4
Textile & Clothings	2,624.3	0.4	-2.6	2,693.9	0.5
Manufacture of Plastics	1,582.1	0.3	5.0	1,506.7	0.3
Non Metallic Mineral Products	1,088.8	0.2	10.5	985.3	0.2
EU	**65,526.7**	**10.8**	**11.3**	**58,858.2**	**10.3**
Manufactured Goods	62,563.6	10.3	9.2	57,287.0	10.0
Agriculture Goods	711.8	0.1	12.9	630.2	0.1
Mining Goods	1,610.0	0.3	307.4	395.2	0.1
Electrical & Electronic Products	15,585.4	2.6	-12.2	17,752.8	3.1

Products	2012			2011	
	RM million	Share (%)	Change (%)	RM million	Share (%)
Transport Equipment	13,257.7	2.2	49.5	8,868.1	1.5
Machinery, Appliance & Parts	10,534.7	1.7	15.2	9,143.5	1.6
Chemicals & Chemical Products	8,229.1	1.4	7.2	7,678.0	1.3
Optical & Scientific Equipment	2,554.6	0.4	13.5	2,250.8	0.4
Iron & Steel Products	2,387.2	0.4	15.7	2,062.7	0.4
Manufactures of Metal	2,101.7	0.3	-3.8	2,184.1	0.4
Processed Food	1,780.8	0.3	9.6	1,624.9	0.3
Refined Petroleum Products	1,356.5	0.2	712.7	166.9	0.0
Beverages & Tobacco	1,247.8	0.2	17.9	1,058.8	0.2
JAPAN	**62,389.3**	**10.3**	**-4.5**	**65,362.0**	**11.4**
Manufactured Goods	61,419.8	10.1	-4.5	64,331.4	11.2
Agriculture Goods	157.0	neg.	26.9	123.7	neg.
Mining Goods	294.6	neg.	36.0	216.6	neg.
Electrical & Electronic Products	18,344.7	3.0	-8.1	19,954.8	3.5
Machinery, Appliance & Parts	9,470.5	1.6	13.9	8,317.7	1.5
Transport Equipment	7,926.5	1.3	11.3	7,123.0	1.2
Iron & Steel Products	6,356.5	1.0	-2.7	6,535.6	1.1
Manufactures of Metal	5,187.2	0.9	-9.6	5,738.3	1.0
Chemicals & Chemical Products	4,801.6	0.8	-5.3	5,069.6	0.9
Optical & Scientific Equipment	2,469.9	0.4	-42.2	4,275.4	0.7
Jewellery	2,147.0	0.4	-9.2	2,365.3	0.4
Manufacture of Plastics	1,198.1	0.2	-2.9	1,233.5	0.2
Non Metallic Mineral Products	952.7	0.2	-8.5	1,041.6	0.2
UNITED STATES	**49,090.8**	**8.1**	**-11.4**	**55,405.5**	**9.7**
Manufactured Goods	46,197.2	7.6	-12.0	52,518.9	9.2
Agriculture Goods	1,568.9	0.3	-23.7	2,055.3	0.4
Mining Goods	879.9	0.1	170.4	325.4	0.1
Electrical & Electronic Products	21,495.3	3.5	-19.3	26,638.2	4.6
Machinery, Appliance & Parts	5,896.9	1.0	-4.0	6,139.4	1.1
Chemicals & Chemical Products	4,403.5	0.7	-0.7	4,436.2	0.8
Optical & Scientific Equipment	3,411.4	0.6	7.0	3,187.4	0.6
Transport Equipment	3,334.3	0.5	-3.4	3,452.4	0.6
Manufactures of Metal	1,516.9	0.2	-10.8	1,700.9	0.3
Iron & Steel Products	1,406.9	0.2	-28.4	1,966.0	0.3
Processed Food	1,196.9	0.2	3.8	1,152.9	0.2
Refined Petroleum Products	788.3	0.1	309.0	192.7	0.0
Manufacture of Plastics	550.8	0.1	-3.8	572.3	0.1

Source : DOSM
Note : neg. - negligible

APPENDIX 3 :MANUFACTURING PROJECTS APPROVED WITH FOREIGN PARTICIPATION BY COUNTRY, 2011-2012

Country	2012			2011		
	Number	Investment (RM)	Investment (USD)	Number	Investment (RM)	Investment (USD)
Japan	62	2,792,900,107	912,712,453	77	10,101,843,184	3,186,701,320
Saudi Arabia	2	2,648,021,433	865,366,481	1	2,170,930,000	684,835,962
Singapore	109	2,214,565,561	723,714,236	88	2,477,713,827	781,613,195
China	23	1,977,802,063	646,340,543	20	1,194,224,823	376,727,074
South Korea	17	1,636,972,599	534,958,366	10	5,185,122,961	1,635,685,477
France	7	1,436,231,317	469,356,640	5	177,455,180	55,979,552
Norway	2	1,141,520,001	373,045,752	1	7,800,000	2,460,568
India	12	903,232,183	295,173,916	5	247,558,022	78,094,013
Netherlands	18	834,759,905	272,797,355	14	1,010,043,358	318,625,665
Germany	15	693,342,814	226,582,619	13	1,951,184,609	615,515,650
United Kingdom	10	611,126,863	199,714,661	11	240,673,279	75,922,170
Switzerland	7	495,286,625	161,858,374	5	353,530,245	111,523,737
Thailand	11	445,947,652	145,734,527	3	241,533,800	76,193,628
United States	16	295,779,636	96,660,012	21	2,508,973,082	791,474,158
Denmark	3	222,335,953	72,658,808	2	156,709,783	49,435,263
British Virgin Islands	8	185,625,815	60,662,031	3	15,323,374	4,833,872
Taiwan	13	171,590,970	56,075,480	23	1,394,403,650	439,874,968
Sri Lanka	1	168,735,000	55,142,157	.	.	.
Hong Kong	7	90,888,472	29,702,115	10	394,929,855	124,583,550
United Arab Emirates	3	88,100,000	28,790,850	.	.	.
Pakistan	3	87,565,460	28,616,163	3	23,821,431	7,514,647
Indonesia	5	85,719,017	28,012,751	4	692,522,338	218,461,305
Australia	12	74,975,563	24,501,818	17	290,530,077	91,649,867
Belgium	2	66,705,168	21,799,075	.	.	.
Finland	1	48,100,000	15,718,954	.	.	.
Sweden	2	45,549,744	14,885,537	6	276,194,146	87,127,491
Philippines	2	43,381,150	14,176,846	2	432,500	136,435
Cayman Islands	2	40,558,245	13,254,328	5	346,981,038	109,457,741
Canada	2	28,276,129	9,240,565	7	449,131,105	141,681,737
Italy	3	22,952,839	7,500,928	4	82,234,653	25,941,531
Russia	2	12,723,775	4,158,096	.	.	.
Iran	1	10,000,000	3,267,974	3	16,517,648	5,210,615
Austria	1	8,862,900	2,896,373	.	.	.
Seychelles	1	6,667,220	2,178,830	.	.	.
Lebanon	1	4,433,000	1,448,693	.	.	.
Brunei Darussalam	1	3,080,000	1,006,536	.	.	.
New Zealand	1	645,799	211,045	1	397,600	125,426
Egypt	1	220,000	71,895	.	.	.
Bangladesh	.	.	.	2	7,063,765	2,228,317
Luxembourg	.	.	.	1	61,202,846	19,306,891
Bermuda	.	.	.	1	9,109,600	2,873,691
Turkey	.	.	.	1	270,000,000	85,173,502
Ireland	.	.	.	1	19,380,000	6,113,565
Brazil	.	.	.	1	9,914,835	3,127,708
Others	81	1,200,267,399	392,244,248	70	1,763,480,799	556,303,091
TOTAL		**20,845,448,377**	**6,812,238,032**		**34,148,867,413**	**10,772,513,379**

APPENDIX 4: BILATERAL AGREEMENTS ON TRADE AND INVESTMENT

Trade Agreements

No	Country/Economy	Date of Signing
1	Albania	24.01.1994
2	Algeria	11.08.2003
3	Argentina	01.07.1991
4	Australia	26.08.1958
	(New Agreement)	20.10.1997
5	Bangladesh	01.12.1977
6	Bosnia-Herzegovina	26.10.1994
7	Brazil	26.04.1996
8	Bulgaria	20.05.1968
9	Burkina Faso	23.04.1998
10	Cambodia	04.02.1999
11	Chile	21.06.1991
12	China	01.04.1988
13	Colombia	14.08.1995
14	Croatia	26.10.1994
15	Cuba	26.09.1997
16	Egypt	08.01.1977
17	Ethiopia	22.10.1998
18	Ghana	03.12.1995
19	Guinea	11.10.1999
20	India	11.10.2000
21	Indonesia	16.10.1973
22	Iran	19.03.1989
23	Iraq	17.02.1977
24	Japan	10.05.1960
25	Jordan	02.10.1994
26	Kazakhstan	27.05.1996
27	Kyrgyz Republic	20.07.1995
28	Lao PDR	11.08.1998
29	Lebanon	23.03.1995
30	Libya	18.01.1977
31	Macedonia	11.11.1997
32	Taiwan	18.02.1993
33	Malawi	05.09.1996
34	Mali	16.11.1990
35	Morocco	10.03.1997
36	Myanmar	09.06.1998
37	Namibia	12.08.1994
38	New Zealand	03.02.1961
	(New Agreement)	17.10.1997
39	North Korea	09.06.1979
40	Pakistan	05.11.1987
41	Peru	13.10.1995
42	South Korea	05.11.1962
	(New Agreement)	09.06.1979
43	Qatar	20.05.2009
44	Romania	01.03.1991
45	South Africa	07.03.1997
46	Sudan	14.05.1998
47	Suriname	25.05.1998
48	Swaziland	12.10.1998
49	Syria	17.08.2003
50	Thailand	06.10.2000
51	Tunisia	25.11.1992
52	Turkey	13.02.1977
53	Turkmenistan	13.05.1994
54	United Arab Emirates	26.02.1962
55	Uganda	16.04.1998
56	Ukraine	19.08.2002
57	Uruguay	09.08.1995
58	United States	10.05.2004
59	USSR (Russia)	03.04.1967
60	Uzbekistan	06.10.1997
61	Venezuela	26.11.1991
62	Vietnam	11.08.1992
63	Yemen	11.02.1998
64	Zimbabwe	09.07.1993

Free Trade Agreements

No	Country/Economy	Date of Signing
1	ASEAN Free Trade Agreement (AFTA)	28 January 1992
2	ASEAN-China Free Trade Agreement (ACFTA)	29 November 2004
3	Malaysia - Japan Economic Partnership Agreement (MJEPA)	13 December 2005
4	ASEAN-Korea Free Trade Agreement (AKFTA)	26 August 2006
5	Malaysia - Pakistan Closer Economic Partnership Agreement (MPCEPA)	08 November 2007
6	ASEAN-Japan Closer Economic Partnership Agreement (AJCEPA)	14 April 2008
7	ASEAN - Australia and New Zealand Free Trade Agreement (AANZFTA)	27 February 2009
8	ASEAN – India Free Trade Agreement (Trade In Goods) (AIFTA TIG)	13 August 2009
9	Malaysia-New Zealand Free Trade Agreement (MNZFTA)	26 October 2009
10	Malaysia-Chile Free Trade Agreement (MCFTA)	13 November 2010
11	Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA)	18 February 2011
12	Malaysia-Australia Free Trade Agreement (MAFTA)	22 May 2012

Source : Ministry of International Trade and Industry (MITI)

Agreements on the Avoidance of Double Taxation as at December 2012

No	Country/Economy	Date of Signing
1	Albania	24.01.1994
2	Australia	20.08.1980
	(2nd Protocol)	28.07.2002
3	Austria	20.09.1989
4	Bahrain	14.06.1999
5	Bangladesh	19.04.1983
6	Belgium	24.10.1973
	(Protocol)	21.11.1995
7	Bosnia- Herzegovina	21.06.2007
8	Brunei Darussalam	05.08.2009
9	Canada	16.10.1976
10	Chile	03.09.2004
11	China	23.11.1985
	(Protocol)	05.06.2000
12	Croatia	18.02.2002
13	Czech Republic	08.03.1996
14	Denmark	04.12.1970
	(Protocol)	03.12.2003
15	Egypt	14.04.1997
16	Germany	08.04.1977
17	Fiji	19.12.1995
18	Finland	28.03.1984
19	France	24.04.1975
	(Protocol)	31.01.1991
20	Hong Kong	25.04.2012
21	Hungary	24.05.1989
22	India	25.10.1976
	(New Agreement)	09.05.2012
23	Indonesia	12.09.1991
	(Protocol)	12.01.2006
24	Iran	11.11.1992
	(Protocol)	22.07.2002
25	Ireland	28.11.1998
26	Italy	28.01.1984

No	Country/Economy	Date of Signing
27	Japan	30.01.1970
	(New Agreement)	19.02.1999
28	Jordan	02.10.1994
29	Kazakhstan	26.06.2006
30	Kuwait	06.04.1997
	(New agreement)	05.02.2003
31	Kyrgyz Republic	17.11.2000
32	Lao PDR	03.06.2010
33	Lebanon	20.01.2003
34	Luxembourg	21.11.2002
35	Malta	03.10.1995
36	Mauritius	23.08.1992
37	Mongolia	27.07.1995
38	Morocco	02.07.2001
39	Myanmar	09.03.1998
40	Namibia	28.07.1997
41	Netherlands	07.03.1988
	(Protocol)	04.12.1996
42	New Zealand	19.03.1976
	(Protocol)	14.07.1994
43	Norway	23.12.1970
44	Pakistan	29.05.1982
45	Philippines	27.04.1982
46	Papua New Guinea	20.05.1993
47	Poland	16.09.1977
48	Qatar	03.07.2008
49	Republic of Korea	20.04.1982
50	Romania	26.11.1982
51	Russia	31.07.1987
52	Saudi Arabia	31.01.2006
53	Republic of Seychelles	03.12.2003
54	San Marino	19.11.2009
55	Senegal	17.02.2010

No	Country/Economy	Date of Signing
56	Singapore	26.12.1968
	(Supplementary)	06.07.1973
	(New Agreement)	05.10.2004
57	South Africa	26.07.2005
58	Spain	24.05.2006
59	Sri Lanka	16.09.1972
	(New Agreement)	16.09.1997
60	Sudan	07.10.1993
61	Sweden	21.11.1970
	(New Agreement)	12.03.2002
62	Switzerland	30.12.1974
63	Syria	26.02.2007
64	Thailand	29.03.1982
	(Protocol)	10.02.1995
65	Turkey	27.09.1994
66	Turkmenistan	19.11.2008
67	United Arab Emirates	28.11.1995
68	United Kingdom	30.03.1973
	(New Agreement)	10.12.1996
69	Uzbekistan	06.10.1997
70	Venezuela	28.08.2006
71	Vietnam	07.09.1995
72	Zimbabwe	28.04.1994

Restricted Agreements (with respect to taxes on income on air transport and shipping)

73	Argentina	03.10.1997
74	Saudi Arabia	18.07.1993
75	United States	18.04.1989

Source : Ministry of Finance

Investment Guarantee Agreements as at December 2012

No	Country/Economy	Date of Signing
1	United States	21.04.1959
2	Germany	22.12.1960
3	Canada	01.10.1971
4	Netherlands	15.06.1971
5	France	24.04.1975
6	Switzerland	01.03.1978
7	Sweden	03.03.1979
8	Belgo-Luxembourg	22.11.1979
9	United Kingdom	21.05.1981
10	Sri Lanka	16.04.1982
11	Romania	
	(first signed)	26.11.1982
	Review of IGA	25.06.1966
	Amended via Protocol	28.04.2006
12	Norway	06.11.1984
13	Austria	12.04.1985
14	Finland	15.04.1985
15	OIC	30.09.1987
16	Kuwait	21.11.1987
17	ASEAN	15.12.1987
18	Italy	04.01.1988
19	South Korea	11.04.1988
20	China	21.11.1988
21	United Arab Emirates	11.10.1991
22	Denmark	06.01.1992
23	Vietnam	21.01.1992
24	Papua New Guinea	27.10.1992
25	Chile	11.11.1992
26	Lao PDR	08.12.1992
27	Chinese Taipei	18.02.1993
28	Hungary	19.02.1993
29	Poland	21.04.1993
30	Indonesia	22.01.1994
31	Albania	24.01.1994
32	Zimbabwe	28.04.1994
33	Turkmenistan	30.05.1994
34	Namibia	12.08.1994
35	Cambodia	17.08.1994
36	Argentina	06.09.1994
37	Jordan	02.10.1994
38	Bangladesh	12.10.1994
39	Croatia	16.12.1994
40	Bosnia Herzegovina	16.12.1994
41	Spain	04.04.1995
42	Pakistan	07.07.1995
43	Kyrgyz Republic	20.07.1995
44	Mongolia	27.07.1995
45	India	03.08.1995
46	Uruguay	09.08.1995
47	Peru	13.10.1995
48	Kazakstan	27.05.1996
49	Malawi	05.09.1996
50	Czech Republic	09.09.1996
51	Papua New Guinea	07.11.1996
52	Ghana	11.11.1996
53	Egypt	14.04.1997
54	Botswana	31.07.1997
55	Cuba	26.09.1997
56	Uzbekistan	06.10.1997
57	Macedonia	11.11.1997
58	North Korea	04.02.1998
59	Yemen	11.02.1998
60	Turkey	25.02.1998
61	Lebanon	26.02.1998
62	Burkina Faso	23.04.1998
63	Sudan	14.05.1998
64	Djibouti	03.08.1998
65	Ethiopia	22.10.1998
66	Senegal	11.02.1999
67	Bahrain	15.06.1999
68	Algeria	27.01.2000
69	Saudi Arabia	25.10.2000
70	Morocco	16.04.2002
71	Iran	22.07.2000
72	Slovak Republic	12.07.2007
73	Syria	07.01.2009
74	San Marino	27.09.2012

Source: Ministry of International Trade and Industry (MITI)

APPENDIX 5 : IMPORT LICENSING

No.	Product	Issuing Authority
1.	(i) Motor vehicles for the transport of ten or more persons, including the driver (ii) Motor vehicles for the transport of persons less than ten persons (excluding go-karts and ambulance) (iii) Motor vehicles for the transport of goods	MITI
2.	Ships' derricks; cranes, including cable cranes; mobile lifting frames, straddle carriers and works trucks fitted with a crane (excluding palfinger fully hydraulic compact, hydraulic loading crane, gantry cranes and crawler cranes)	MITI
3.	Arsenic trichloride	Pharmaceutical Services Division, Ministry of Health
4.	(i) Acetic anhydride (ii) Acetyl bromide (iii) Acetyl chloride	Pharmaceutical Services Division, Ministry of Health
5.	(i) Ephedrine and its salts (ii) Pseudoephedrine (INN) and its salts (iii) Norephedrine and its salts (iv) Potassium permanganate (v) Phenylacetone (phenylpropan-2-one) (1-phenyl-2-propanone) (vi) N-acetylanthranilic acid (vii) Isosafrole (viii) 1-(1,3-Benzodioxol-5-yl) propan-2-one (3, 4-methylenedioxyphenyl-2-propanone) (ix Piperonal (x) Safrole (xi) Ergometrine (INN) and its salts (xii) Ergotamine (INN) and its salts (xiii) Lysergic acid and its salts (xiv) Phenylacetic acid and its salts	Pharmaceutical Services Division, Ministry of Health
6.	Caffeine and its salts	Pharmaceutical Services Division, Ministry of Health
7.	Medicaments containing ephedrine or pseudoephedrine	Pharmaceutical Services Division, Ministry of Health
8.	Medicine making machine	Pharmaceutical Services Division, Ministry of Health
9.	Sugar (including cane and beet sugar, chemically pure sucrose, fructose and glucose)	MITI
10.	Rice machinery for milling, grading, sorting, cleaning and parts thereof	Ministry of Agriculture and Agro-Based Industry

No.	Product	Issuing Authority
11.	(i) Radar apparatus, radio navigational aid apparatus, parabolic antenna including other parts and accessories (ii) Parabolic antenna including other parts and accessories	SIRIM Berhad
12.	Motorcyclists' safety helmets (except as worn by motor-cyclists or motor-cycle pillion riders)	MITI
13.	Chassis fitted with engines, for the motor vehicles of heading 87.02, 87.03, 87.04 or 87.05: (i) For motor cars (including station wagons, SUVs and sports cars, but not including vans) CBU, new and old (ii) For motor vehicles for the transport of ten or more persons, CBU, new or old (iii) For ambulance (iv) For special purpose motor vehicles, other than those principally designed for the transport of persons or goods (for example, breakdown lorries, crane lorries, fire fighting vehicles, concrete-mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units) (v) For vehicles specially designed for travelling on snow; golf cars and similar vehicles or four-wheel drive vehicles or motor- homes or motor vehicles for the transport of goods (CBU, new or old)	MITI
14.	Chassis, not fitted with engines, for the motor vehicles of heading 87.02, 87.03, 87.04 or 87.05	MITI
15.	Bodies (including cabs) for the motor vehicles falling within headings 87.02m 87.03, 87.04 or 87.05	MITI
16.	Motor-cycles, auto-cycles (including mopeds), electric powered motorcycles, motorized bicycles and cycles fitted with an auxilliary motor (excluding side cars)	MITI

No.	Product	Issuing Authority
17.	Road tractors for semi-trailers (including prime mover), completely built-up, old	MITI
18.	Special purpose motor vehicles, other than those principally designed for the transport of persons or goods (for example breakdown lorries, crane lorries, concrete-mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units) excluding fire fighting vehicles	MITI
19.	(i) Used brakes and servo-brakes including used brake pad, calipers and brake lining, for motor vehicles of headings 87.01, 87.02, 87.03, 87.04, 87.05, 87.09 and 87.11 (ii) All kinds of reusable batteries (accumulators) for motor vehicles of headings 87.01, 87.02, 87.03, 87.04, 87.05, 87.09 and 87.11	MITI
20.	Used pneumatic tyres and used retreaded pneumatic tyres, of rubber for – (i) Motorcars and other motor vehicles principally designed for the transport of persons of heading 87.03 (excluding golf cars and similar vehicles): (a) motor cars (including station wagon and sports cars but excluding racing cars and go-carts) (b) ambulance (c) van, MPV and other vehicles of heading 87.03 (ii) Motor vehicles for the transport of ten or more persons, including the driver of heading 87.02 (iii) Motor vehicles for the transport of goods under heading 87.04 (excluding dumpers designed for off highway use under subheading 8704.10) (iv) Prime movers of subheading 8701.20 (v) Trailers and semi-trailers of heading 87.16: (a) trailers and semi-trailers of the caravan type, for housing or camping	MITI

No.	Product	Issuing Authority
	(b) self loading or self-unloading trailers and semi-trailers for agricultural purposes (c) other trailers and semi-trailers for the transport of goods of subheadings 8716.31 000 and 8716.39 000 (d) other trailers and semi-trailers (vi) Special purpose motor vehicles, other than those principally designed for the transport of persons or goods of heading 87.05	
21.	Unmanufactured tobacco; tobacco refuse	National Kenaf and Tobacco Board
22.	1, 1, 1,- Trichloroethane (methyl chloroform)	MITI
23.	Optical disc mastering and replicating machines and parts thereof	Ministry of Domestic Trade, Co-operatives and Consumerism
24.	Toxic chemicals and their precursors covered under the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction 1993 (CWC), as listed below: Schedule I A. Toxic chemicals: (i) O-Alkyl (C10), including cycloalkyl) alkyl (Me, Et, n-Pr or i-Pr)-phosphono fluoridates e.g. Sarin: O-Isopropyl fluoridate Soman: O-Pinacolyl fluoridate (ii) O-Alkyl (≤C10, including cycloalkyl) N, N-dialkyl (Me, Et, n-Pr or i-Pr)	MITI
	- phosphoramidocyanidates e.g. Tabun: O-Ethyl N, N-dimenthyl phosphoramidocyanidate (iii) O-Alkyl (H or ≤C10, including cycloalkyl) S-2-dialkyl (Me,Et,n-Pr or i-Pr)-aminoethyl alkyl (Me,Et,n-Pr or i-Pr) phosphonothiolates and corresponding alkylated or protonated salts e.g. VX: O-Ethyl S-2-methydiisopropylaminoethyl phosphonothiolate (iv) Sulfur mustards: 2-chloroethylchloroethylsulfide Mustard gas: Bis (2-chloroethyl) sulfide Bis (2-chloroethylthio) methane Sesquimustard: 1, 2-Bis (2-chloroethylthio)ethane 1, 3-Bis (2-chloroethylthio)-n-propane 1, 5-Bis (2-chloroethylthio)-n- pentane Bis (2-chloroethylthiomethyl) ether O-Mustard: Bis (2-chloroethylthioethyl) ether (v) Lewisites: Lewisite 1: 2-Chlorovinyldichloroarsine Lewisite 2: Bis (2-chlorovinyl) chloroarsine Lewisite 3: Tris (2-chlorovinyl) arsine (vi) Nitrogen mustards: HN 1: Bis (2-chloroethyl) ehtylamine HN 2: Bis (2-chloroethyl) Methylamine HN 3: Tris (2-chloroethyl) amine (vii) Saxitoxin (viii) Ricin	

No.	Product	Issuing Authority
	B. Precursors:	
	(i) Alkyl (Me, Et, n-Pr or i-Pr) phosphonyldi- fluorides	
	e.g. DF: Methylphosphonyldifluoride	
	(ii) O-Alkyl (H or ≤C10), including cycloalkyl) 0-2-dialkyl (Me, Et, n-Pr or i-Pr)-aminoethyl alkyl (Me, Et, n-Pr or i-Pr)-phosphonites and corresponding alkylated or protonated salts	
	e.g. QL: O-Ethyl 0-2-dissopropylaminoethyl methylphosphonite	
	(iii) Chlorosarin: O-Isopropyl	
	Methylphosphonochloridate	
	(iv) Chlorosoman: O-Pinacolyl	
	Methylphosphonochloridate	
	Schedule 2:	
	A. Toxic chemicals:	
	(i) PFIB: 1, 1, 3, 3, 3-Pentafluoro-2- (trifluoromethyl)-1-propene	
	(ii) BZ: 3-Quinuclidinyl benzilate (*)	
	B. Precursors:	
	(i) Chemicals, except for those listed in Schedule 1, containing a phosphorus atom which is bonded one methyl, ethyl or propyl (normal or iso) group but not further carbon atoms	
	e.g. Methylphosphonyl dichloride	
	Dimethyl methylphosphonate	
	Exemption: Fonofos: O-Ethyl S-phenyl ethylphosphono-thiolothionate	
	(ii) N, N-Dialkyl (Me, Et, n-Pr or i-Pr) phosphoramidic dihalides	

No.	Product	Issuing Authority
	(iii) Dialkyl (Me, Et, n-Pr or i-Pr)N, N-dialkyl (Me, Et, n-Pr or i-Pr)- phosphoramidates	
	(iv) 2, 2-Diphenyl-2-hydroxyacetic acid	
	(v) Quinuclidine-3-ol	
	(vi) N, N-Dialkyl (Me, Et, n-Pr or i-Pr) aminoethyl-2-chlorides and corresponding protonated salts	
	(vii) N, N-Dialkyl (Me, Et, n-Pr or i-Pr) aminoethane-2-ols and corresponding protonated salts	
	Exemptions: N, N-Dimethylaminoethanol and corresponding protonated salts	
	N, N-Diethylaminoethanol and corresponding protonated salts	
	(viii) N, N-Dialkyl (Me, Et, n-Pr or i-Pr) aminoethane-2-thiols and corresponding protonated salts	
	(ix) Thiodiglycol: Bis (2-hydroxyethyl) sulfide	
	(x) Pinacolyl alcohol: 3, 3-Dimethylbutane -2-ol	
	Schedule 3	
	A. Toxic chemicals:	
	(i) Phosgene: Carbonyl dichloride	
	(ii) Cyanogen chloride	
	B. Precursors:	
	(i) Phosphorus oxychloride	
	(ii) Phosphorus trichloride	
	(iii) Phosphorus pentachloride	
	(iv) Trimethyl phosphite	
	(v) Triethyl phosphite	
	(vi) Dimethyl phosphite	

No.	Product	Issuing Authority
	(vii) Diethyl phosphite (viii) Sulfur monochloride (ix) Sulfur dichloride (x) Thionyl chloride (xi) Ethyldiethanolamine (xii) Methyldiethanolamine (xiii) Triethanolamine	
25.	The following substances structurally derived from Phenethylamine and their salts: (i) Clenbuterol (ii) Salbutamol (iii) Salmeterol (iv) Terbutaline (v) Formoterol	Pharmaceutical Services Division, Ministry of Health
26.	Waste paring and plastic scrap	MITI
27.	Hydrochlorofluorocarbons gas (HCFCs) covered under Montreal Protocol, Annex C – Group 1	Department of Environment
28.	Flat-rolled products of other alloy steel, of a width of 600 mm or more	MITI
29.	Wheat or meslin flours (including atta flour)	MITI
30.	Kain sarong batik (by traditional batik process)	MITI
31.	Semi-finished products of iron and steel, including slab, bloom and billets	MITI
32.	(i) Bars and rods, hot-rolled, in wound coil, of stainless or heat resisting steel, circular cross-section (ii) Bars and rods, hot-rolled, in straight length of stainless or heat resisting steel, circular cross-section	MITI
33.	Stranded wire, cables, cordage, ropes, plaited bands and the like, of aluminium wire, but excluding insulated electric wires and cables: (i) of stainless reinforced aluminium (ii) of aluminium alloys or not alloyed	MITI
34.	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, hot-rolled, not clad, plated or coated	MITI
35.	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, cold-rolled (cold-reduced), not clad, plated or coated	MITI
36.	Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm not clad, plated or coated	MITI
37.	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated or coated	MITI
38.	Flat-rolled products of iron or non-alloy steel, of a width less than 600 mm clad, plated or coated	MITI
39.	Tubes, pipes and hollow profiles, cast iron	MITI
40.	Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel	MITI
41.	Other tubes and pipes (for example, welded, riveted or similarly closed), having circular cross-sections, the external diameter of which exceeds 406.4 mm, of iron or steel	MITI
42.	Other tubes and pipes hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel	MITI

APPENDIX 6: TEMPORARY EXCLUSION AND SENSITIVE LISTS FOR INVESTMENT UNDER THE ASEAN INVESTMENT AREA AGREEMENT

Manufacturing Sector

BRUNEI DARUSSALAM

Sensitive List

Industries Closed to Both National and Foreign Investors

Manufacture of garments of categories 338, 339, 638 and 639 – for US market.

No more approval given.

Industries Open with Restriction to Foreign Investors

Industries utilising local resources, domestic market access and government facilities or the manufacturing of food-related products.

Foreign investment must have at least 30% local participation. However, full foreign ownership is allowed if 100% of the product is exported with exception of the manufacturing of food related products and use of local resources.

Industries Closed Only to Foreign Investors

Manufacture of cement.

Manufacture of drinking water either from tap or from local resources.

Subject to control.

CAMBODIA

Sensitive List

Industries Closed to Both National and Foreign Investors

Manufacture/processing of cultural items. ¬

Subject to prior approval from relevant Ministries.

Sawn timber, veneer, plywood, wood-based products utilising local logs as raw material.

No new license will be issued.

DBSA production. Toxic chemicals affecting health of community and impacting the environment.

Subject to prior approval from Ministry of Health and relevant Ministries.

Production of toxic chemicals or utilisation of toxic agents.

Prohibited in accordance with an international treaty.

Manufacture of psychotropic substances.

Prohibited for these psychotropic substances :

- Brolamfetamine, Cathinone, DET, DMA, DMHP, DMT, DOET, Eticyclidine, (+)-Lysergide, MDMA, Mescaline, 4-Methylaminorex, MMDA, N-Ethyl-MDA, N-Hydroxy-MDA, Parahexyl, PMA, Psilocine, Psilotsin, Psilocybine, Rolicyclidine, STP, DOM, Tenamfetamine, Tenocyclidine, Tetrahydrocannabinol, TMA.

Subject to prior approval from Ministry of Health for these psychotropic substances :

- Amfetamine, Dexamfetamine, Fenetylline, Levamfetamine, Mecloqualone, Metamfetamine, Methaqualone, Methylphenidate, Phencyclidine, Phenmetrazine, Metamfetamine Racemate, Secobarbital, Amobarbital, Allobarbial, Alprazolam, Amfepramone, Barbital, Benzfetamine, Bromasepam, Buprenorphine, Butalbital, Butobarbital, Cathine, Camazepam, Chlordiazepoxide, Clobazam, Clonazepam, Clorazepate, Clorazepam, Cloxazolam, Cyclobarbital, Delorazepam, Diazepam, Estazolam, Ethchlorvynol, Ethinamate, Etilamfetamine, Fencamfamine, Fenproporex, Fludiazepam, Flunitrazepam, Flurazepam, Gluthethimide, Halazepam, Haloxazolam, Ketazolam, Lefetamine, Loflazepate Ethyl, Loprazolam, Lorazepam, Lormetazepam, Mazindol, Medazepam, Mefenorex, Meprobamate, Methylphenobarbital, Methyprylon, Midazolam, Nimetazepam, Nitrazepam, Nordazepam, Oxazepam, Oxazolam, Pemoline, Pentazocine, Pentobarbital, Phendimetrazine, Phenobarbital, Phentermine, Pinazepam, Pipradrol, Prazepam, Pyrovalerone, Secbutabarbital, Temazepam, Tetrazepam, Triazolam, Vinylbital.

Manufacture/processing of narcotic drugs.

Prohibited.

Manufacture of weapons and ammunitions.

National Defense Policy.

Manufacturing of firecrackers and fireworks.

Subject to control.

Manufacturing related to defense and security.

National Defense Policy.

Industries Open with Restrictions to Foreign Investors

Manufacture of cigarettes.

Only for export (100% export).

Alcohol.

Movie production.

Subject to prior approval from relevant Ministries.

Exploitation of gemstones.

Bricks made of clay (hollow, solid) and tiles.

Rice mill.

Manufacture of wood and stone carving.

Silk weaving.

Subject to local equity participation.

INDONESIA

Temporary Exclusion List

Industries Closed to Both National and Foreign Investors

Industries manufacturing communication devices :

- telephone connection boxes.

Business reserved for small-scale enterprises.

Sensitive List

Industries Closed to Both National and Foreign Investors

Saccharine.

Cyclamate.

Closed – Public health.

Saw mill.

Only in Papua using natural forest as raw material.

Plywood.

Only in Papua.

Clove cigarettes (with automatic machines).

Ratio of production manually and machinery.

Fire crackers and fireworks.

Manufacturing of ammonium nitrate for explosive purposes.

National security.

Food and drink :

- Industries preparing shredded meat, boiled and then fried, and jerked meat; industries preparing pickled/sweetened fruits, vegetables and eggs; industries preparing salted/pickled fish and other, marine biota; industries making bread, cookies, and the like; industries making brown/coconut palm sugar; industries making fermented bean paste used as condiment; industries making bean cake; industries making bean curd; industries making crisp, thin chip made of flour and peanut, shrimp or small fish/ crispy chips of banana, potato, bean cake,

etc.; industries making peanut snacks (fried peanuts without covering, salted peanuts, large white beans, onion beans); industries making chips made of flour flavored with fish or shrimp; industries making condiment of fermented fish or shrimp; industries making deep-fried, boiled, steamed cake; processing of palm, sugar palm and palmyra palm; honey bee industries.
Business reserved for small-scale enterprises.

Industries of various kinds of flour of grains, cereals, legumes and tubers :
- rice flours of various kinds; flour made of legumes; and flour made of dried cassava.

On condition of partnership with small-scale enterprises.

Yarn-finishing industries :
- yarn having a tie motive based on tenun ikat; using manually operated instruments.

Textile and textile products :
- traditional weaving industries (non machine woven cloth); industries making hand-written batiks; knitting industries using hand operated instruments; and industries making rimless caps and headdresses.

Business reserved for small-scale enterprises.

Cloth printing and finishing industries :
- printing using hand operated instruments, except when it is integrated with the upstream industries.

On condition of partnership with small-scale enterprises.

Industries of lime and products made of lime :
- quick lime; lime for chewing with betel leaves; slaked lime; lime for agricultural purposes and chalk.

On condition of partnership with small-scale enterprises.

Industries making clay articles for household purposes :
- unglazed household decorations; various kinds of unglazed vases; and unglazed household utensils.

Business reserved for small-scale enterprises.

Industries of clay articles for construction purposes :
- clay bricks; and unglazed clay roof tiles.

On condition of partnership with small-scale enterprises.

Industries making agricultural tools :
- mattocks; shovels; plows; harrows; pitchforks; crowbars; sickles; scrapes; ***sarap/lempak/bawak*** (reaping); small palm knives; hoes for weed removal; ***emposan tikus*** (sprayer for killing rats); manually operated sprayer; manually operated rice hullers; manually operated paddy and soy bean hullers; and manually operated looseners of corn grains.

Industries making cutting tools :
- short machetes; axes; large-bladed knives; and instruments for mincing onions/cassava/chips.

Plantation tools industry :
- knife to tap rubber; bowl to tap rubber; rubber freezing box; coffee peeler machines; and cashew nut peeler machine.

Industries making handicraft tools :
- trowels; wooden planes; planes; ***Beugel-beugel*** (traditional tools); ***kasut pleste*** (traditional tools for plaster); spatulas; clamps; handsaw; hammers (of a small type); chisels; and pangut (traditional cutter).

Industries for maintenance and repair (workshops, including special workshops) :
- small workshops including roving small workshops, tyre repair, upholstery workshops, railway workshops, workshops for ships maintenance, air filling/air pumps, traditional car body repair and the like, without modern instruments.

Industries for maintenance and repair (workshops, including special workshops) :
- repair of electrical devices for household purposes.

Business reserved for small-scale enterprises.

Industries making electrical devices and other components :
- various kinds of clamps; motor armature and track armature.

Professional, science, measure equipment and electronic controller industry:
- water meter box.

On condition of partnership with small-scale enterprises.

Industries of multivarious handicrafts :
- handicrafts using plants as raw materials; handicraft using animals as raw materials; imitation flowers and decorations; handicrafts from mollusks and the like; handicrafts made of precious stone and marble; and household equipment made of bamboo and rattan.

Business reserved for small-scale enterprises.

Raw rattan processing.
On condition of partnership with small-scale enterprises.

Traditional medicine product and medical instruments for non-medic.
Traditional Indonesian musical instruments.
Business reserved for small-scale enterprises.

<u>Industries Open with Restriction to Foreign Investors</u>
Food and drink :
- milk processing industries/dairy product; fish flour industries (animal feed); tea processing industries; soy sauce industries; processing industries: pepper, gnetum gnemon, cinnamon, vanilla, cardamom, nutmeg and cloves; and granulated sugar industries.

Industries of rubber products for industrial purposes :
- rubber rolls.

Industries manufacturing agricultural machinery :
- threshers; reapers; hydrotillers; and corn removers.

Industries manufacturing fluid machinery :
- hand operated water pumps.

Bicycles-making industries :
- industries making bicycle equipment.

Industries making silver crafts.
Processing and canning of fruits.

Various palm essence industry :
- sago palm essence.

Rice milling and threshing.
Copra industry.
Silk yarn spinning industry.
Downstream industry of pepper.
On condition of partnership with small-scale enterprises.

Fish-smoking industries and the likes.
Wood carving industry.
Business reserved for small-scale enterprises.

LAO PDR
Temporary Exclusion List
<u>Industries Closed Only to Foreign Investors</u>
Manufacture of products of copper, silver and gold (jewellery).
Manufacture of Lao dolls.
Manufacture of blankets/mattress with cotton and kapok.
Manufacture of authentic Lao musical instruments.

Reserved for Lao PDR citizen.

Industries Open with Restrictions to Foreign Investors
Manufacture of rice noodles products.
Subject to high ratio of local content (use of local material) and/or export requirements.

Manufacture of beer.
Manufacture of soft drinks.
Subject to joint-venture with domestic investors and/or export 100%.

Manufacture of tobacco products.
Subject to high ratio of local content, local equity participation and/or export 100%.

Sensitive List
Industries Closed to Both National and Foreign Investors
Manufacture of all types of weapons and ammunitions.
Prohibited for security reasons.

Manufacture/processing of narcotic drugs.
Manufacture of cultural items destructive of the national culture and tradition.
Prohibited.

Manufacture of chemical substances and industrial waste hazardous to human life and the environment.
Prohibited for health and environment reason.

Industries Open with Restrictions to Foreign Investors
Manufacture of psychothopic substances.
Subject to specific details provided by Ministry of Health.

Manufacture of wood and wood products.
The establishment of new wood processing factory is not permitted, except for utilising raw material from the reforestation of forest plantation.

Manufacture of chemicals and chemical products.
Not to be destructive to the environment and society.

Manufacture of pharmaceuticals.
Manufacture of alcohol of all types.
Manufacture of motor vehicles of all types.
Subject to local equity participation and/or export or high ratio of local content.

MALAYSIA

Sensitive List
Industries Closed for Both National and Foreign Investors
Pineapple canning.
Palm oil milling.
Closed except for projects with source of supply from own plantation.

Palm oil refining.
Closed for Peninsular Malaysia. Open for projects in Sabah and Sarawak with source of supply from own plantations.

Sugar refining.
Closed.

Liquors and alcoholic beverages.
Closed for projects that do not export 100% of their products.

Tobacco processing and cigarettes.
Closed for projects that do not export more than 80% of their products.

Sawn timber, veneer and plywood.
Closed for Peninsular Malaysia and Sabah. Open for Sarawak.

Wood-based products utilising local logs as raw material.
Closed for Peninsular Malaysia. Open for Sabah and Sarawak.

Petroleum refining.
Closed for projects that do not export 100% of their products.

Ordinary Portland cement.
Closed for non-integrated projects i.e., projects which do not produce their own clinker for grinding into ordinary Portland cement.

Hot rolled steel round bars and wire rods.
Closed.

Steel billets/blooms.
Closed for projects that have capacity of below 350,000 tonnes.

Assembly of motorcycles, passenger cars and commercial vehicles.
Closed.

Industries Open with Restrictions to Foreign and National Investors
Fabrics and apparel of batik.
Ordinary Portland Cement (Integrated Projects).
Maximum foreign equity ownership allowed is 30%.

Industries Open with Restrictions to Both Foreign and National Investors
Explosives, pyrotechnic products, propellant powders, detonating or safety fuses and the like.
Weapons and ammunition.
Prior approval is required from Ministry of Home Affairs.

MYANMAR

Temporary Exclusion List
Industries Closed for Both National and Foreign Investors
Manufacturing of pulp of all kinds.
Value-added product policy.
Manufacture of paper is required.

Industries Open with Restrictions to Foreign Investors
Production and marketing of basic construction materials, furniture, parquet, etc. using teak extracted and sold by the State-owned economic organization.
Only for export of high value-added wood-based products.

Sensitive List
Industries Closed for Both National and Foreign Investors
Distilling, blending, rectifying, bottling, and marketing of all kinds of spirits, beverages or non-beverages.
Manufacture of wines.
Manufacture of malt and malt liquors, beer and other brewery products.
Manufacture of soft beverages, aerated and non-aerated products.
Manufacture of cigarettes.
Manufacture of monosodium glutamate.
Manufacture of corrugated galvanized iron sheets.
No new permit to be issued.

Manufacture of refined petroleum products.
Reserved for the State sector.

Manufacture of weapons and ammunition.
National Defense Policy.

Industries Closed Only to Foreign Investors
Sawmilling and planning of wood.
National policy on forestry.

Industries Open with Restrictions to Foreign Investors
Manufacture of veneer sheets, manufacture of plywood, laminboard, particle board and other panels and boards.
National policy on forestry.

Manufacture of bakery products.
Export requirement is compulsory.

Manufacture of pulp, paper and paperboard.
Integrated project is compulsory.

Manufacture of pharmaceutical drugs.
Well-known firms are to be considered.

PHILIPPINES
Sensitive List
Industries Open with Restrictions to Foreign Investors
Domestic market enterprises with paid-in equity capital of less than US$200,000.*
Foreign equity is restricted to maximum 40%.

Domestic market enterprises which involve advanced technology or employ at least fifty (50) direct employees with paid-up capital of less than US$100,000.*
Foreign equity can be more than 40% if firm exports at least 60% of total production output.

Industries Closed Only to Foreign Investors
Cooperatives*
No foreign equity allowed.

* No International Standard Industrial Classification (ISIC) Code since this cuts across all sectors

SINGAPORE
Sensitive List
Industries Closed to Both National and Foreign Investors
Chewing gum, bubble gum, dental chewing gum or any like substance.
Production prohibited for safety and social reasons.

Firecrakers.
Match sticks.
Production prohibited for safety reasons.

Industries Open with Restrictions to Foreign Investors
Publishing and printing of newspapers.
Foreign equity is subject to approval by relevant Ministry.

Beer and Stout
Water conservation.

Reproduction of recorded media (e.g. CD, CD-ROM, VCD, DVD-ROM).
Intellectual Property Rights enforcement.

Pig iron and sponge iron.
Rolled steel products.
Steel ingots, billets, blooms and slabs.
Limited local steel scrap.

THAILAND
Sensitive List
Industries Closed to Both National and Foreign Investments
Manufacture of sugar from sugarcane.
Subject to Cabinet's decision.

Industries Open with Restrictions to Foreign Investors
Manufacture of carved wood.
Manufacture of Thai silk threads, Thai silk weaving or Thai silk pattern printing.
Manufacture of Thai musical instruments.
Manufacture of goldware, silverware, bronzeware or lacquerware.
Manufacture of crockery of Thai arts and culture.
Wood fabrication for production of furniture and utensils.
Foreign equity participation is restricted to 50% of registered capital.
Foreign equity participation of 50% or more of registered capital can be made, subject to the following:
- *shall obtain permission from Minister of Commerce, with approval of Cabinet, and shall also fulfill following requirements:*
  - *shall have Thai nationals, or juristic persons that are not foreigners under this Act, held not less than 40% of registered capital. However, Minister of Commerce, with approval of Cabinet, may reduce said requirement to not less than 25 percent; and*
  - *shall have Thai nationals held at least two-fifth of total directors.*

Or
- *shall receive promotion under Investment Promotion law, or shall obtain permission under law governing Industrial Estate Authority of Thailand or other related laws.*

Shall have minimum capital invested at commencement of business not less than that prescribed by Ministry of Commerce's regulations, which in any case not less than 3 million Baht.
Shall apply for license or certificate from Department of Commerce Registration.
Shall comply with other conditions prescribed in Foreign Business Act B.E. 2542 (1999) and other related laws.

Manufacture of plywood, veneer board, chipboard or hardboard.
Manufacture of lime.
Rice milling.
Foreign equity participation is restricted to not more than 50% registered capital.
Foreign equity participation of 50% or more of registered capital can be made, subject to the following:
- *shall obtain permission from Director General of Department of Commercial Registration with approval of Foreign Business Committee.*
- *shall receive promotion under Investment Promotion law, or shall obtain permission under law governing Industrial Estate Authority of Thailand or other related laws.*

Shall have minimum capital invested at commencement of business not less than that prescribed by Ministry of Commerce's regulations, which in any case not less than 3 million Baht.
Shall apply for license or certificate from Department of Commerce Registration.
Shall comply with other conditions prescribed in Foreign Business Act B.E. 2542 (1999) and other related laws.

Manufacture of cigarette.
Manufacture of playing cards.
Shall obtain permission from Director-General of Excise Department according to Tobacco Act. B.E. 2509, or Playing Card Act B.E. 2486.

VIETNAM
Temporary Exclusion List
Industries Open with Restrictions to Foreign Investors
Manufacture of cultivation, processing, reaping machines, insecticide pumps, spare parts for agricultural machines and engines.
Subject to export, technology and quality requirements.

Bicycle manufacture.
Electrical fans.
Manufacturing new types of products and subject to quality and export requirements.

Manufacture of electrical towers.
Export at least 50%.

Production of aluminium shaped bars.
Export at least 20%.

Single superphosphate fertiliser.
Production of H_2SO_4, H_3PO_4, LAS, industrial gasses, acetylene.
Common use paint.

Motorcycle and bicycle tyres and tubes; automotive tyres and tubes up to 450 mm.
Plastic water pipes used in agriculture, rubber gloves, labour sanitary boots.

Subject to export and quality requirements.

Consumer plastics.
Detergent, shampoo, soaps, washing liquid.
Zn, Mn batteries (R6, R14, R20).
Subject to export requirements.

Paper production.
In conjunction with development of local raw material resources. Common types of paper such as printing paper, writing paper, photocopy paper are subject to at least 80% export requirement.

Fruit juice.
Subject to utilisation of local raw materials and export requirements.

Electro-mechanical and refrigeration equipment.
Household electrical appliances.
Subject to technology and export requirements.

Processing of aqua-products, canned sea foods.
Joint-Venture form, subject to material and technology requirements and export at least 80%.

Assembly of marine engines.
Subject to technology requirement.

Production and processing of wood.
Dairy processing.
In conjunction with development of local raw material resources.

Cane sugar production.
Vegetables oil production and processing.
In conjunction with development of local raw material resources and subject to export requirement.

Tanning.
In conjunction with development of local raw material resources, and subject to environmental processing requirement.

Sensitive List
Industries Closed to Both National and Foreign Investments
Production of firecrackers including fireworks.
Export 100%.

Industries Closed Only to Foreign Investors
Fishing.
Foreign investment shall not be licensed.

Beer and soft drinks.
Tobacco production.
Exploitation of gemstones.
Vertical shaft cement production and baked earth bricks and tiles.
Clay bricks.
Under 10,000 DWT cargo ships under 800 TEU container ships; lighters and under 500 seats passenger ships.
D6-D32mm construction steelrods, and D15-D114 mm seam steel pipe, zinc galvanized and colour sheets.
Production of NPK fertilizer.
Construction glass.
Fluorescent tubes and bulbs.
Fishing net production.
Lubrication oil, grease.
No new license will be issued.

Alcohol.
Subject to brand, quality and export requirements.

Automobile assembly and manufacture.
Subject to local content requirement and planning of the Government.

Motorcycle assembly and manufacture.
Subject to local content requirement and planning of the Government and export at least 80%.

Assembly of consumer electronic products.
Subject to local content requirement.

Manufacture of TV sets and tubes.
Subject to local content requirement and export at least 80%.

Sanitary ceramics, porcelain and tiles.
Export 100% and subject to technology requirement.

Cement production.
Ready mixed concrete, stone crushing.
Industrial explosives and devices.
Exploitation, processing of rare and precious material, raw material; exploitation of clay for production of construction material; exploitation, exportation of high-quality sand for production of construction and technical glasses.
Subject to planning of the Government.

Agriculture, Fishery and Mining Sectors

BRUNEI DARUSSALAM
Temporary Exclusion List
Industries Open with Restrictions to Foreign Investors

Agriculture
Growing of cereals and other crops n.e.c, vegetables, horticulture specialties and nursery products, fruits, nuts, beverage and spice crops.
Hunting, trapping and game propagation including related services activities.
Farming of cattle, sheep, goats, horses, asses, mules and hinnies, dairy farming.
Growing of crops, combined with farming of animals (mixed farming)
Agriculture and animal husbandry services activities, except veterinary activities.

Forestry
Forest plantations and nurseries.
30% local participation – for access to government facilities and sales to domestic market.

Sensitive List
Industries Open with Restrictions to Foreign Investors

Agriculture
Other animal farming; production of animal products n.e.c.
30% local participation is required for access to Government facilities and sales to domestic market.

Fishery
Offshore capture of fisheries (purse-seines and long lines).
Aquaculture.
30% local participant is required.

Mining and Quarrying
Extraction of crude petroleum and natural gas. Crude petroleum and natural gas are important natural resources and the backbone of the country's economy. Although foreign investors are allowed to invest in petroleum mining activities, they cannot be certain that their participation interest in their project will be 100%. His Majesty's Government has the right to acquire participation upon declaration of commerciality of the field. Under the production sharing contract (PSC), His Majesty's Government through its Holding Company will automatically have interest in the petroleum activities.

Silica mining.
Extraction of ground water.
Quarrying of stone.
30% local participation is required for utilising government facilities and domestic market access.

CAMBODIA

Sensitive List

Industries Closed to Both National and Foreign Investors

Agronomy

Estate crops :

- medicinal/traditional herbs; and
- plantation of the above.

Business reserved for daily need of local farmers.

Livestock

- native chicken; native cattle and buffalo; and native duck.

Business reserved for national small-scale enterprises.

Fishery

- fishing (fresh water); catching of fingerling, caplo capio, giant fish, crocodile, probatus and jullieni fish.

Endangered species.

Forestry

– not applicable.

Depending on rule, law and regulation of Cambodia forest policy.

Mining

- radioactive minerals (uranium etc).

National security.

Industries Closed Only to Foreign Investors

Agronomy

- genetic resources (bio-diversity).

Environmental protection.

Fishery

- catching of fresh water fish.

Reserved for small local enterprises.

Forestry

- not applicable.

On condition of partnership with local partner.

Mining

- small scale mining.

Reserved for local people.

Industries Open with Restriction to Foreign Investors

Agronomy

All type of :

- food crops; fruit crops; industrial crops; and processing industries.

On condition of partnership with the local of farmers' association and conservation of sustainability of natural resources. (applicable to all).

Livestock

- chicken raising (broiler; layer); beef cattle raising; sheep raising; goat raising; pig raising; duck raising; dairy cattle raising; and horse raising.

On condition of partnership with small-scale enterprises

Fishery

- not applicable.

Refer to Fishery Law.

Forestry

- forest products (finish products); zoology; forest park; and forest plantation for industry.

Based on National Forest Policy.

Mining

All foreign investments should be carried out under contract of work.

INDONESIA

Sensitive List

Industries Closed to Both National and Foreign Investors

Agriculture

- estate crops : medical herbs, except ginger; plantation of pepper, belinjo, cinnamon, candlenut, vanilla, kapulaga (amomum cardamomum), nutmeg, siwalan, sugar palm and leaf (lontar), clove, Pogostemon Catlin Benth, Uncaria gambir.

On condition of partnership with small-scale enterprises.

Livestock

- native chicken.

Business reserved for national small-scale enterprises.

Fishing

Catching of marine ornamental fish, catching area < 12 miles.

Business reserved for national small-scale enterprises.

Hatchery

Aquaculture.

- freshwater fish hatchery.

Business reserved for national small-scale enterprises.

Forestry

- contractors of logging.

Environmental protection.

- apiculture exploitation.
- exploitation of sugar palm, sago, rattan, candlenut, tree, bamboo and cinnamon plant forest.
- exploitation of swallow nests in the nature.
- exploitation of tamarind estates by small holders (tamarind seeds collection and processing).
- exploitation of charcoal producing plant forest.
- exploitation of tree sap producing plant forest.
- exploitation of atsiri oil producing plant forest (pine oil, lawang oil, tengkawang oil, cajuput oil, kenanga oil, fragrant root oil, and other).

Business reserved for national small-scale enterprises.

General Mining

- radioactive minerals (uranium, etc.).

National security.

- small-scale mining.

On condition of partnership with small-scale enterprises. All foreign investments should be carried out under contract of works. Conservation Forest Area is prohibited for all mining. Preserve Forest is prohibited for open cut mining.

Industries Closed Only to Foreign Investors

Agricultural

Genetic resources (bio-diversity).

Environmental protection.

Aquaculture

Grow-out

- freshwater fish culture.

Business reserved for national small-scale enterprises.

Forestry

- utilisation of naturally growing forest.

Environmental protection.

- utilisation of forest based on HPH (forest exploitation right).
- community forest utilisation right.

Reserved for local people.

- genetic resources (bio-diversity).

Environmental protection.

Industries Open with Restrictions to Foreign Investors

Agriculture

- food crops: Cassava.

On condition of partnership with the local farmers located in production centre of food crop concerned.

Traditional herbal plantation.

- estate crops: oil palm; rubber; sugar; coconut; cocoa; coffee; tea; cashewnut; cotton; castor oil; ginger; fibre plants (jute; kenaf; rami; stevia; and rosella); areca-palm; banana of manila (Musa textilis); medical plants; fragrant root (akar wangi); palm; tamarind (asam jawa); indigo; brass; kaempferia galanga (kencur); almond; turmeric; coriander; benth (pogostemon catlin); tobacco; fragrant grass (sereh wangi); sesame seed; and herb (panzolzia zeylanica benn), (urang-aring).

On condition of special partnership programs and the need to have recommendation from the Ministry of Agriculture.

Aquaculture

Hatchery

- brackishwater shrimps hatchery.

On condition of partnership with national small-scale enterprises.

Grow-out

- aquaculture of eel, escargot and crocodile.

On condition of partnership with small-scale enterprises.

Forestry

- utilisation of Industrial Plantation

On condition of partnership with small-scale enterprises.

LAO PDR

Temporary Exclusion List

<u>Industries Open with Restrictions to Foreign Investors</u>

Mining and agglomeration of hard coal.
Mining and agglomeration of lignite.
Extraction and agglomeration of peat.
Extraction of crude petroleum and natural gas.
Service activities incidental to oil and gas extraction excluding surveying.

Mining of iron ores.
Mining of non-ferrous metal ores, except uranium and thorium ores.
Mining of chemical and fertiliser minerals.
Extraction of salt.
Other mining and quarrying.
Subject to agreement with the Government and processing.

Sensitive List

<u>Industries Closed to Foreign Investors</u>

Operation of hatcheries in the reservoirs.
Reserved for Lao citizen.

<u>Industries Open with Restrictions to Foreign Investors</u>

Hunting, trapping and game propagation, including related service activities.
Subject to specific approval and agreement with the Government.

Forestry

Logging and related activities.
Logging is closed for both national and foreign investors; the other activities are subject to specific approval and agreement with the Government.

Fishing and service activities incidental to fishing.
Operation of fish hatcheries in the Mekong River and its tributaries.
Subject to agreement with the Government and to follow the regulations of local authorities.

Production and processing of local and domestic fishes.
Subject to specific approval and agreement with the Government.

Mining of uranium and thorium ores.
Negotiation and agreement with the Government are needed (for security reason).

Quarrying of stone, sand and clay.
Subject to agreement with the Government and processing.

MALAYSIA

Sensitive List

<u>Industries Closed to Foreign Investors</u>

Extraction and harvesting of timber.
This activity is generally closed to foreign investors in Peninsular Malaysia and Sabah. However, for Sarawak, local involvement and majority local control is required. Forest areas to be opened for such activities will be gradually reduced in the future to enable the resources to be managed sustainably.

Capture of fisheries.
Foreign fishing companies are not allowed to fish in Malaysia's Exclusive Economic Zone (EEZ).

<u>Industries Open with Restriction to Foreign Investors.</u>

Oil and gas upstream industries.
Project must be carried out on a joint-venture basis with a wholly-owned subsidiary of the national petroleum corporation (Petronas), whose equity in the joint-venture will range from 15% to 60% depending on the block/area. The terms and conditions of each block are negotiated on a case-by-case basis and the Production Sharing Contracts will adhere to rules and regulations stipulated by the Malaysian Government with regards to the award of contract etc.

MYANMAR

Temporary Exclusion List

<u>Industries Closed to Both National and Foreign Investors</u>

Forestry

Extraction of hardwood and sale of the same.
National policy on forestry.

Mining

Exploration and extraction of pearls and export of the same.
Exploration and extraction of metal and export of the same.
Carrying out other quarrying industries and marketing of the same.
The Government may permit by notifications.

Energy

Exploration, extraction and sale of petroleum.
Exploration, extraction and sale of natural gas and production of the products of the same.
The Government may permit by notifications.

Power

Production, collection and distribution of electricity.
The Government may permit by notifications.

<u>Industries Closed Only to Foreign Investors</u>

Fishery

Fishing of marine fish, prawn and other aquatic organism.
The Government may permit by notifications.

<u>Industries Open with Restrictions to Foreign Investors</u>

Others

Railway transport service.
Air transport.
Courier activities other than national post activities.
Joint-venture with State organisation.

Banking and insurance services.
To be liberalised later.

PHILIPPINES

Sensitive List

<u>Industries Closed Only to Foreign Investors</u>

People's small-scale mining programme.
Mining activities which rely heavily on manual

labour using simple implements and methods and do not use explosives or heavy mining equipment.
Maximum area of 20 hectares.
Investment not to exceed P10 million.
Ratio of labor cost to equipment utilisation cost is greater than or equal to 1.0 (based on 1 metric tonne of ore).
No foreign equity allowed.

Industries Open With Restrictions to Foreign Investors

Forestry
Mining (other than small-scale mining).
Deep sea fishing.
Agriculture in public land.
Foreign equity is restricted to a maximum of 40%.

SINGAPORE
Sensitive List
Industries Closed to Both National and Foreign Investors
Pig farming.
Quarrying.
No more licenses issued.

THAILAND
Temporary Exclusion List
Industries Open with Restrictions to Foreign Investors
Fishery, specifically marine animal culture.
Logging from plantation.
Artificial propagated or plant breeding
Foreign equity participation is restricted to not more than 50% of registered capital.
Foreign equity participation of 50% of registered capital or more can be made, subject to following conditions:

- *shall obtain permission from Director-General of Department of Commercial Registration, with approval from Foreign Business Committee.*
- *shall receive promotion under Investment Promotion Law, or shall obtain permission under law governing Industrial Estate Authority of Thailand or other related laws.*

Shall have minimum capital invested at commencement of a business not less than that prescribed by Ministry of Commerce's regulations, which in any case not less than three million Baht.
Shall apply for license or certificate from Department of Commercial Registration.
Shall comply with other conditions prescribed in Foreign Business Act B.E. 2542 (1999) and other related laws.
(These lists shall be reviewed at least once every year).

Sensitive List
Industries Open with Restrictions to Foreign Investors
Salt farming, including efflorescent salt production.
Rock salt mining.
Mining, including rock blasting or crushing.
Silkworm farming.
Foreign equity participation is restricted to not more than 50% of registered capital.
Foreign equity participation of 50% of registered capital or more can be made, subject to following conditions:

- *shall obtain permission from Minister of Commerce, with approval of Cabinet, and shall also fulfill following requirements:*
  - *shall have Thai nationals or juristic persons that are not foreigners under this Act, holding not less than 40% of registered capital. However, Minister of Commerce with approval of Cabinet, may reduce said requirement to not less than 25%;*
  - *shall have Thai nationals holding at least two-fifths of total directors; or*
  - *shall receive promotion under Investment Promotion Law, or must obtain permission under law governing Industrial Estate Authority of Thailand or other related laws.*

Shall have minimum capital invested at commencement of a business not less than that prescribed by Ministry of Commerce's regulations, which in any case not less than 3 million Baht.
Shall apply for license or certificate from Department of Commercial Registration.
Shall comply with other conditions prescribed in Foreign Business Act B.E. 2542 (1999) and other related laws.
(These lists shall be reviewed at least once every year).

VIETNAM
Temporary Exclusion List
Industries Open with Restrictions to Foreign Investors
Manufacture of cultivation processing, reaping machines, insecticide pumps, spare parts for agricultural machines and engines.
Subject to export, technology and quality requirement.

Paper production.
In conjunction with development of local raw material resources. Common types of paper such as printing paper, writing paper, photocopy paper are subject to at least 80% export requirements.

Fruit juice.
Subject to utilisation of local raw material and export requirements.

Refrigeration equipment.
Subject to technology and export requirements.

Processing of aqua-products; canned sea foods.
Join-venture form, subject to material, technology requirements and export at least 80%.

Assembly of marine engines.
Subject to technology requirement.

Production and processing of wood.
Dairy processing.
In conjunction with development of local raw material resources.

Cane sugar production.
Vegetable production and processing.
In conjunction with development of local raw material resources and subject to export requirement.

Tanning.
In conjunction with development of local raw material resources and subject to environmental protection requirement.

Sensitive List
Industries Closed Only to Foreign Investors.
Fishing.
Foreign investment shall not be licensed.

Exploitation of gemstones.
Fishing-net production.
No new license will be issued.

Industries Open With Restrictions to Foreign Investors
Exploitation, processing of rare and precious minerals, raw materials, exploitation of clay for production of exportation of high-quality sand for production of construction and technical glasses.
Subject to planning of the Government.

APPENDIX 7: KEY ECONOMIC DATA – MALAYSIA

AREA (square kilometers)			
Malaysia	**Peninsular Malaysia**	**Sarawak**	**Sabah**
330,252	131,805	124,450	73,9971

	2012	2011
Population (mil)	**29.3**	**29.0**
Citizens	27.0	26.6
Bumiputera	18.3	18.0
Chinese	6.5	6.5
Indians	2.0	1.9
Others	0.2	0.2
Non-citizens	2.3	2.3
Population Growth (%)	**1.3**	**1.3**
Labour Force (mil)	**13.1**	**12.7**
Unemployment Rate (%)	**3.0**	**3.1**
Employment by Sector (%)		
Services	60.0	60.7
Manufacturing	17.5	18.1
Agriculture	12.6	11.5
Construction	9.1	9.2
Mining & Quarrying	0.6	0.6
Consumer Price Index (%)		
Malaysia	**1.6**	**3.2**
Peninsular Malaysia	1.6	3.3
Sabah[1]	1.7	2.9
Sarawak	1.8	2.6
Industrial Production Index (2005=100)		
Overall	**112.9**	**108.4**
Mining	88.3	87.1
Manufacturing	123.1	117.3
Electricity	129.9	123.6
Extrernal Trade (RM bil)		
Export	702.2	697.9
Import	607.4	573.6
Total Trade	1,309.6	1,271.5
Trade Balance	94.8	124.2
Balance of Payment, Net (RM bil)		
Current Account	**57.3**	**102.4**
Goods	125.6	151.6
Services	-14.0	-6.3
Income	-36.0	-21.8
Transfer	-18.2	-21.0
Capital	0.1	-0.2
Financial Account	-22.5	22.3
Overall Balance	3.9	94.7

	2012	2011
Gross Domestic Product (GDP)		
GDP in current prices (RM bil)	**931.5**	**881.1**
Agriculture	94.8	104.6
Mining & Quarrying	97.7	91.8
Manufacturing	228.0	214.6
Construction	34.9	28.3
Services	473.0	433.1
Plus Import Duties	10.2	8.7
Real GDP Growth Rate (%)	**5.6**	**5.1**
Agriculture	0.8	5.9
Mining & Quarrying	1.4	-5.7
Manufacturing	4.8	4.7
Construction	18.5	4.7
Services	6.4	7.0
International Reserves (RM bil) (as at 31 Dec 2012)	**431.7**	**408.8**
Reserves to GDP Ratio (%)	46.0	46.4
Reserves as Month of Retained Imports (as at 31 Dec 2012)	9.5	9.7
Total External Debt (RM bil)	**252.8**	**257.4**
Medium & Long Term	159.8	153.5
Short Term	93.0	103.9
Debt Service Ratio (%)	10.2	10.3
Banking Institutions (RM bil) (as at Dec 2012)		
Total Deposit	1,408.30	1,252.50
Total Loans	1,108.00	966.7
Commercial Banks Interest Rates (%) (Dec 2012)		
Saving Deposits	1.03	1.08
BLR	6.53	6.45
Gross National Savings (% of Gross National Product)	**32.7**	**35.5**

Sources: Department of Statistics, Bank Negara Malaysia and Ministry of Finance.
[1] Including the Federal Territory of Labuan
[p] Preliminary

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