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Malaysia

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FOREWORD

The Malaysian economy grew by 7.2% in 2010, demonstrating once again its underlying strength and resilience. 2009 was a challenging year, as the global financial crisis continued to be felt and the economy contracted by 1.7%. However, strong domestic demand and a steady recovery in global trade helped to deliver a strong turnaround in 2010.

During the year, trade volume grew by 18% to reach RM1.2 trillion, which was equal to the 2008 pre-crisis level. Investor confidence also improved, and foreign direct investment grew 500.3% to reach US$8.58 billion compared to US$1.43 billion the previous year. The UNCTAD Global Investment Trends Monitor 2010 affirmed that Malaysia was one of the economies that registered the highest improvement in foreign direct investment inflows among 153 economies surveyed.

Growth in trade and investment are key objectives of national economic policy and the Ministry of International Trade and Industry (MITI) will continue to explore opportunities in new markets to support domestic-based industries, including small and medium enterprises.

Free trade agreements are an effective mechanism to expand market reach and to date, Malaysia has concluded eleven such agreements: six regional agreements with countries such as the People's Republic of China (PRC) and the Republic of Korea (ROK) through the Association of Southeast Asian Nations (ASEAN), and five bilateral agreements with Japan, Pakistan, New Zealand, India and Chile respectively.

In 2010, Malaysia further expanded its trade engagement by starting negotiations on the Trans-Pacific Strategic Economic Partnership (TPP) Agreement, the Malaysia-European Union Free Trade Agreement (MEUFTA), and the Malaysia-Turkey Free Trade Agreement (MTFTA). These agreements offer additional avenues for cross border trade and investments, and our exporters, including members of the small and medium enterprise community, should work aggressively to take advantage of the benefits of broader market access provided by these agreements.

The outlook for 2011 is positive. According to Bank Negara Malaysia, GDP is expected to grow by 5% to 6%. Growth is expected to be marginally higher in the services sector (5.9%) than in manufacturing (5.7%). Bank Negara Malaysia further projects that the country's trade surplus this year will top RM144 billion (2010: RM110 billion).

The private sector will continue to assume the main role in driving economic growth. To facilitate private sector participation, MITI will redouble its efforts to improve Malaysia's business environment by introducing more pro-business policies and reviewing and updating existing business rules and regulations. The private sector, too, needs to stay competitive by continuously improving its products and processes, and by being innovative and efficient.

Under the Economic Transformation Programme (ETP), which is a comprehensive effort spearheaded by the Performance Management and Delivery Unit (PEMANDU), 12 National Key Economic Areas (NKEAs) have been identified to transform Malaysia into a high income nation by 2020. The NKEAs which include electrical and electronics, business services, and wholesale and retail trade are expected to make substantial contributions to Malaysia's economic performance. To that end, MITI will continue to steer the nation towards a high income economy that is knowledge-driven and high technology industry-based. The focus will be on attracting quality investments and encouraging existing industries to shift from lower value-added products and services to reinvesting in higher value-added and knowledge-intensive products and services. The emphasis will be on creating quality jobs, linkages with local suppliers and contribution to export growth. These efforts are in line with the National Economic Model (NEM) aiming to transform the Malaysian economy to become one with high incomes and quality growth by 2020.

Going forward, improving the nation's overall economic competitiveness remains our highest priority. Both the Government and the private sector will have to continue to work together to ensure that we remain viable players in the global economic market place.

DATO' SRI MUSTAPA MOHAMED
Minister of International Trade and Industry, Malaysia

CHAPTER

1

WORLD ECONOMIC, TRADE AND INVESTMENT DEVELOPMENTS

- *3.6% growth in global economy*
- *7.2% growth in Malaysia's economy*
- *ASEAN total trade reached US$1.6 trillion*
- *Malaysia's total trade reached US$362.9 billion*
- *FDI into ASEAN increased by 89.6%*
- *FDI into Malaysia increased by more than 500%*

OVERVIEW

The global economy came out of recession into a phase of uneven recovery in 2010. Advanced developing countries like the People's Republic of China (PRC), Singapore and India bounced back to high growth whereas the developed economies like Japan, the European Union (EU) and the United States of America (USA) experienced sluggish economic performances. Malaysia, on the other hand, recorded a more moderate and sustainable growth of 7.2%.

The global economy, which contracted 2.4% in 2009, turned positive with 3.6% growth. Government intervention boosted demand and reduced uncertainty and systemic risks in the financial markets, resulting in a 14.5% increase in exports from the 2009 level.

Growth was not evenly distributed across countries. Lower income countries averaged 6.3% growth, while higher income countries averaged 2.8%. Among the fast-developing economies, the PRC, Chinese Taipei and India recorded growths of 10.3%, 9.3%, and 9.7% respectively. However, slower growth was recorded in developed economies, namely Japan (3.9%), the USA (2.8%), and the EU (1.8%).

Global unemployment continued to escalate, reaching 8.8% in 2010. Global gross fixed investment stabilised at around 23.0% of Gross Domestic Product (GDP), after a significant drop in 2009. World trade appeared to be returning to pre-2009 patterns, with current account surpluses or deficits rising for most countries, and world external debt dropped to 5.0%.

REGIONAL AND COUNTRY PERFORMANCE

The Association of Southeast Asian Nations (ASEAN)

According to the Organisation for Economic Co-operation and Development's (OECD) Southeast Asian Economic Outlook 2010, the six major ASEAN countries (Singapore, Thailand, Viet Nam, Malaysia, Indonesia and the Philippines) had rebounded with medium-term growth prospects.

Table 1.1: GDP Growth for Six Major ASEAN Countries

Country	2009 (%)	2010 (%)
Indonesia	4.5	6.1
Malaysia	-1.7	7.2
Philippines	1.1	7.3
Singapore	-0.8	14.5
Thailand	-2.3	7.8
Viet Nam	5.2	6.5
Average	1.3	7.3

Source: Selected National Statistical Office and OECD Development Centre

All major economies in this region registered positive growth with Singapore recording a double-digit growth of 14.5%. Malaysia rebounded with a 7.2% growth as compared to a contraction of 1.7% in 2009.

According to the International Monetary Fund (IMF), ASEAN comprising 10 Member States registered a total of US$1.9 trillion GDP in 2010 compared with US$1.5 trillion in 2009, showing an increase of 23.9%. The average growth rate in 2010 was 7.3% compared with 1.5% in 2009. The average economic growth forecast for ASEAN is 5.5% for 2011.

ASEAN's total trade amounted to US$$1.6 trillion compared with US$1.5 trillion in 2009, an increase of 7.3%. The largest trading economy was Singapore with total trade amounting to US$661.6 billion, followed by Malaysia with US$362.9 billion and Thailand with US$337.7 billion.

The United Nations Conference on Trade and Development (UNCTAD) projected that global inflows of foreign direct investment (FDI) would reach more than US$1.1 trillion in 2010. FDI to ASEAN increased 89.6% to US$69.6 billion compared with US$36.7 billion in 2009. Malaysia recorded the strongest growth of 500.3% to US$8.58 billion from US$1.43 billion in 2009. Indonesia's FDI increased by 146.1% to US$12.8 billion from US$4.9 billion in 2009 while Singapore's FDI increased by 122.6% to US$37.4 billion from US$16.8 billion in 2009.

To realise an ASEAN Economic Community (AEC) by 2015, it is imperative that Member States cooperate and become increasingly integrated. Intra-ASEAN trade has been increasing rapidly for the past 10 years where the Compound Annual Growth Rate (CAGR) is 9.5%. Malaysia's trade with ASEAN in 2010 was US$95.0 billion compared with US$45.8 billion in 2000.

Table 1.2: FDI Flows to ASEAN Countries

Country	2009 (US$ billion)	2010 (US$ billion)
Singapore	16.8	37.4
Thailand	5.9	6.8
Viet Nam	4.5	4.3
Indonesia	4.9	12.8
Malaysia	1.4	7.0
Philippines	1.9	0.7
Myanmar	0.3	n.a.
Cambodia	0.5	0.3
Brunei	0.3	0.2
Lao PDR	0.2	0.1

Source: UNCTAD and ASEAN Secretariat

Singapore

Singapore's economy grew by 14.5%, reversing the decline of 0.8% in 2009. Due to a surge in electrical and electronic products as well as biomedical manufacturing output, the manufacturing sector rebounded by 29.7%, following a 4.2% contraction in 2009. Growth in the construction sector continued at a modest pace of 6.1% compared with 17.1% in 2009.

Total trade rose by 28.5% to reach US$662.7 billion compared with US$515.8 billion in 2009. Exports and imports grew by 30.4% and 26.4% respectively. Singapore's top three major export destinations were Malaysia, Hong Kong and the PRC while major import sources were Malaysia, the USA and the PRC. The FDI inflows to Singapore amounted to US$37.4 billion compared to US$16.8 billion in 2009, an expansion of 122.6%.

The services industry grew by 10.5% compared with a contraction of 0.7% in 2009 due to broad-based expansion in all services sub-sectors. The wholesale and retail trade grew strongly by 15.1% while the financial services posted a robust growth of 12.2%. Tourism-related services were bolstered by strong visitor arrivals of 11,638,700 in 2010, a 20.2% increase from the previous year. This was mainly due to the opening of the Integrated Resorts on Sentosa Island.

Malaysia continued to attract strong interest from Singaporean investors particularly in the Iskandar Region in southern Malaysia. Singapore's investment in the Iskandar Region was US$75.9 billion in addition to the US$565.0 billion worth of investments in 2009. Singapore also continued to be Malaysia's top trading partner and the second most important investment destination, demonstrating the historically strong economic bond between the two countries.

The People's Republic of China (PRC)

The PRC economy grew by 10.5% from US$4.9 trillion in 2009 to US$5.7 trillion in 2010. The two-year stimulus package amounting to US$586.0 billion announced in 2008 helped the country post 11.9% growth in the first quarter of 2010, the fastest pace in almost three years. In mid-2010, the PRC displaced Japan as the world's second largest economy after the USA.

Growth rebound in 2010 was attributed to strong domestic demand due to the PRC's large population and the Government's stimulus package. Exports rose 31.3% to US$1.6 trillion while imports registered 38.7% growth to US$1.4 trillion. Exports of goods and services constituted 39.7% of GDP. Trade surplus contracted from US$195.7 billion in 2009 to US$182.7 billion in 2010. Major trading partners were the EU, the USA, Hong Kong SAR and the Republic of Korea (ROK).

According to UNCTAD's Report on World Investment Prospects Survey 2010-2012, the PRC remains the largest destination for FDI. The number of newly- approved foreign-funded enterprises in the PRC totalled 27,406, an increase of 16.9% year on year.

The PRC is now focusing on social stability in its economic development agenda for 2011. This is critical to the Government as inflation particularly in food prices is on the rise and may lead to consumer discontent. The Government has reiterated that it intends to moderate growth in 2011 to about 8.0% and ensure that inflation does not exceed 4.0%. This growth moderation may have an impact on Malaysia's exports to the PRC. Currently, 12.6% of Malaysia's exports go to the PRC, which makes it the second largest export destination for Malaysia.

Japan

Japan's GDP expanded by 3.9% in 2010 to reach US$6.1 trillion compared with US$5.6 trillion in 2009. Total trade registered at US$1.5 trillion, an increase of 29.2% from the 2009 total of US$1.1 trillion. The main trading partners were the PRC, the USA, ROK, Chinese Taipei and Australia, while Malaysia was the 17th trading partner for Japan.

Japan's major exports included motor vehicles, semiconductors, iron and steel products, as well as auto parts and components. Exports increased by 32.6% to US$769.8 billion compared with US$580.7 billion in 2009. Imports also increased by 25.5% to US$692.6 billion from US$552.0 billion in 2009.

Exports of commercial services increased by 9.2% to US$137.6 billion in 2010 while imports of commercial services contracted by 5.6% to US$155.2 billion. Total FDI inflows to Japan amounted to US$2.0 billion, a contraction of 83.2% from US$11.9 billion in 2009.

Japan's sluggish growth for the past 20 years continues to be of concern to Malaysian exporters. The CAGR of Malaysian exports to Japan remained flat during this period, growing at 8.7%. The impact of the 11 March 2011 earthquake and tsunami, which hit the Tohoku region along Japan's northeastern Pacific coast, is predicted to be three-fold: damage from the earthquake itself, damage from the tsunami and shortfall of energy supply from the disabled nuclear power plant and oil refineries. Concerns over radiation contamination from the crippled Fukushima nuclear plant may affect investors' confidence in Japan. However, it is expected that the initial drop in output will be offset by the reconstruction boom that will follow.

India

India's GDP in the April 2010 to March 2011 fiscal year grew by 8.6% amounting to US$1.7 trillion compared with 8.0% in the previous fiscal year. Exports rose 31.1% to US$216.2 billion compared with US$164.9 billion in the previous fiscal year and imports amounted to US$322.7 billion, an increase of 25.5% compared with US$257.2 billion in the previous fiscal year. India's largest exports were gems and jewellery, textile goods, engineering products, chemicals and leather manufactures. Its main trading partners were the EU, the USA, the PRC and the United Arab Emirates (UAE).

According to the UNCTAD Report on World Investment Prospects Survey 2010-2012, India ranked second in global FDIs in 2010 and will continue to remain among the top five destinations for international investors from 2010 to 2012. India's inbound FDI is projected to decline to US$27.6 billion in 2010-2011 while outbound FDI is expected to increase to US$18.2 billion during the same period.

India was Malaysia's 12th largest global trading partner in 2010, accounting for 3.3% of Malaysia's total trade, while Malaysia was India's 13th largest global trading partner.

India's existing close trade relationship with Malaysia has been further boosted with the signing of the Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA) on 18 February 2011. MICECA, which is expected to come into effect on 1 July 2011, provides a comprehensive agreement envisaging more liberal trade in goods and services as well as nurturing a stable and competitive investment regime to promote foreign investment.

MICECA is an improved version of the existing ASEAN-India Trade in Goods Agreement (AITIG), where Malaysia and India have made deeper tariff commitments on a larger number of products under MICECA compared with AITIG. MICECA has also advanced the timelines agreed under AITIG but most significantly, India has granted Malaysia better concessions for palm oil and palm products under MICECA.

Saudi Arabia

According to the World Bank, Saudi Arabia is the strongest Arab economy in terms of total GDP and it is ranked the 11th Most Competitive Country by the International Finance Corporation (IFC) and World Bank's Doing Business Report 2011.

With 20.0% of the world's petroleum reserves, Saudi Arabia is the largest exporter of petroleum and assumes a leading role in the Organization of the Petroleum Exporting Countries (OPEC). Oil export revenues accounted for 90.0% of total export earnings for Saudi Arabia.

Saudi Arabia's GDP was US$622.5 billion in 2010, an increase of 3.8% compared with US$599.7 billion in 2009 while total trade increased by 23.7% to US$356.0 billion. Exports increased by 32.1% from 2009 to US$254.0 billion and imports rose 6.7% to US$102.0 billion.

Saudi Arabia's economy is expected to grow to 4.3% in 2011 from 3.8% in 2010. Rising oil prices and massive Government internal spending are likely to boost economic growth in 2011. The country is also in the process of building five new economic cities.

With the initiation of a Free Trade Agreement (FTA) between Malaysia and the Gulf Cooperation Council (GCC) of which Saudi Arabia is a member, trade ties between Malaysia and Saudi Arabia are expected to be boosted especially with the huge potential in Islamic financial services and the halal sector. The global halal market is among the fastest growing global businesses with a total value of US$2.7 trillion a year.

Australia

Australia's GDP grew by 3.3% to reach US$1.2 trillion in 2010. Although Australia's economy is dominated by its services sector, its economic success is based on the abundance of agricultural and mineral resources.

Total trade for Australia increased 29.5% in 2010 to US$414.1 billion with exports and imports at US$212.4 billion and US$201.6 billion respectively. Exports recorded an increase of 37.6% while imports rose 21.9%.

Total trade in commercial services increased 19.5% to US$97.6 billion compared with US$81.6 billion in 2009. Exports of commercial services amounted to US$47.7 billion, an increase of 16.6% from US$40.9 billion in 2009 while imports increased 22.5% to reach US$49.8 billion from US$40.7 billion.

Total trade between Malaysia and Australia showed an increasing trend with US$6.9 billion recorded in 2005 and US$10.6 billion in 2010. The Malaysia-Australia Free Trade Agreement (MAFTA) currently under negotiation is expected to further enhance total bilateral trade. As both countries are members of the Trans-Pacific Partnership (TPP) Agreement, trade and investment between the two countries are expected to rise further.

New Zealand

The recovery in New Zealand's economy stalled in the middle of 2010 as real GDP fell in the third quarter for the first time since the 2008/2009 recession. Economic activity contracted 0.2% in the third quarter due to damage to infrastructure and business disruption after the Canterbury/Christchurch earthquake in September 2010. However, in the fourth quarter, GDP expanded by 0.2%. The largest increases were in manufacturing, real estate and business services. New Zealand recorded a 3.0% GDP growth to US$138.0 billion in 2010.

Exports (mainly meat, dairy products, forest products, fruit and vegetables, fish and wool) increased by 25.8% to US$31.4 billion compared with US$24.9 billion in 2009. Imports increased by 19.8% to US$30.6 billion compared with US$25.6 billion in 2009. The main trading partners were Australia, the EU, the USA, the PRC and Japan.

New Zealand's FDI inflows increased by 69.3% to US$589.0 million in 2010 compared with US$348.0 million in 2009.

Total trade between Malaysia and New Zealand amounted to US$1.5 billion in 2010. With the signing of the Malaysia-New Zealand Free Trade Agreement (MNZFTA) on 26 October 2009 which came into force on 1 August 2010, trade and investment between both countries are expected to increase by 80.0%. As both countries are members of the TPP Agreement, which is currently under negotiation, deeper trade and economic relationship is envisaged between Malaysia and New Zealand.

The United States of America (USA)

The USA's GDP registered a 2.7% growth in 2010 compared with a contraction of 2.6% in 2009. GDP growth for the fourth quarter of 2010 was 3.2%, the highest GDP growth registered since 2005. This overall growth was attributable to stronger income from net exporters, sharper reduction in imports, higher increase in exports and greater consumer spending.

Total trade in goods and services amounted to US$4.1 trillion. Total exports increased 17.0% to US$1.8 trillion from US$1.5 trillion in 2009. Main exports included industrial supplies and materials, capital goods and automotive vehicles, parts and engines.

Imports increased by 19.9% to US$2.3 trillion compared to US$1.6 trillion in 2009, the highest since 2008. The main imports included industrial supplies and materials, capital goods and automotive vehicles, parts and engines.

The USA's FDI inflows increased 43.3% to US$186.1 billion from US$129.9 billion in 2009. Canada continued to be the USA's top trading partner, followed closely by the PRC, Mexico, Japan and Germany.

The USA's economy is currently recovering but at a relatively slow pace. The increasing rate of inflation and high unemployment pose significant challenges to a quick recovery. Bilateral economic ties between Malaysia and the USA continue to be strong and future prospects are very encouraging. The USA remains the world's largest economy and Malaysia's fifth major trading partner. Malaysia is actively engaging USA businesses to further enhance business opportunities and market access for Malaysian small and medium enterprises (SMEs) and exporters particularly through negotiations in the TPP Agreement in which both countries are members.

Chile

The earthquake in February 2010 impacted Chile's economy, resulting in a decrease of 1.5% in economic growth. The total cost of the catastrophe was about 17.0% of Chile's GDP and it may take up to four years to meet a long-term balanced budget. The Government of Chile has outlined plans for financing almost US$30.0 billion in reconstruction costs.

Chile is the world's largest copper producer supplying a third of the world's copper market. It is fortunate that this industry was not badly affected by the catastrophe and it is expected to have a 30.0% rise in value in 2011.

Chile's economy grew about 4.0% in 2010. Total trade was valued at US$127.9 billion with US$69.6 billion for exports and US$58.2 billion for imports. Major exports were ores, slag and copper while major imports included mineral fuel, oil and machinery. Top trading partners were the USA, Japan, Brazil and Argentina. Malaysia's major exports to Chile included electrical and electronics (E&E) products, rubber, wood, as well as chemicals and chemical products while major imports were manufactures of metal, metalliferous ores and metal scrap, chemicals and chemical products, as well as paper and pulp products.

A bilateral FTA between Malaysia and Chile was signed on 13 November 2010, which will be implemented as soon as both sides complete their domestic processes. Malaysia-Chile FTA (MCFTA) is specifically focused on Trade in Goods and Cooperation. Negotiation on services and investments will commence within two years after the implementation of the Trade in Goods Agreement.

MCFTA is Malaysia's first bilateral FTA with a Latin American country and is expected to not only increase bilateral trade between both countries, but also provide opportunities for Malaysian businesses to penetrate other Latin American markets. As both Malaysia and Chile are members of the TPP Agreement, trade and investment ties between the two countries are expected to improve.

The European Union (EU)

The EU's GDP increased by 1.8% compared with a contraction of 4.2% in 2009. Global trade for the EU totalled US$10.5 trillion, an increase of 12.3% from 2009. Exports increased by 12.0% amounting to US$5.1 trillion while imports increased by 12.5% to US$5.3 trillion. Major products traded were machinery and transport equipment, energy products, chemicals, food, drinks and tobacco. The EU's major trading partners were the USA, the PRC, Russia, Switzerland and Norway.

The EU as a region was the largest FDI recipient in 2010, attracting investments totalling US$289.8 billion or 25.8% of total world FDI.

The EU's total trade with Malaysia amounted to US$38.1 billion in 2010. Exports increased by 6.7% to US$16.8 billion while imports rose 11.2% to US$21.3 billion. Malaysia moved up to become the EU's 14th largest import source (2009: 16th position) and the 26th export destination (2009: 27th position).

According to the European Commission (EC), GDP in the Euro region is estimated to increase by 1.6% in 2011. Inflation is expected to average 2.2% in 2011 in response to the region's strengthening economy as well as to the unrest in North Africa and the Middle East which is pushing up energy and commodity costs.

The bilateral FTA between Malaysia and the EU currently under negotiation is expected to boost Malaysia's economy by 7.5%. This growth is expected to come mainly from the services and manufacturing sectors. The EU was the fourth largest trading partner with Malaysia in 2010, with total trade recording a strong growth of 11.0% to reach US$40.7 billion. The EU is also one of Malaysia's major sources of foreign investments with Germany, the Netherlands and the United Kingdom (UK) as the leading foreign investors in the manufacturing and services sectors.

OUTLOOK

After a year of fragile and uneven recovery, global economic growth is expected to be steady but slower in 2011 and 2012 as weaknesses in major developed economies continue to impede global recovery and pose risks for world economic stability. The unprecedented scale of policy measures taken by Governments during the early stage of the 2009 financial crisis helped to stabilise financial markets and jump-start a recovery. However, policy response weakened during 2010 and is expected to be less supportive in the near term, especially as fiscal deficits are widening and rising public debt has undermined support for further fiscal stimuli.

Global GDP is projected to increase by 4.2% in 2011 and 4.5% in 2012 with developing economies expanding by at least 6.0% each year, more than twice the 2.1% to 2.6% growth expected for high-income countries. Yet, these growth rates are unlikely to reduce unemployment substantially and slack in the hardest-hit economies and economic sectors. Recovery is expected to be supported by further strengthening of capital flows to developing countries in 2011 and 2012.

Malaysia's share of global trade in 2010 was 1.2% compared with 1.1% in 2009. Although Malaysia was also negatively impacted by the 2009 global economic crisis, it did not resort to any form of protectionism. In fact, Malaysia further liberalised its economy. Notably, it signed a new FTA with Chile, and undertook negotiations with Turkey, the EU and TPP. As the 24th largest trading nation in the world, strengthening trade and economic relations with as many countries as possible is imperative to Malaysia. Apart from looking for new and emerging markets, Malaysia continues to strengthen trade and economic relations with its traditional partners, namely the USA, the EU and Japan.

Based on the World Trade Organization (WTO) Trade Ranking 2010, Malaysia has improved its position to become the 24th leading trading country globally in 2010 compared with 26th place in 2009. Malaysia was ranked within ASEAN after Singapore (13th place) and Thailand (22nd place). Malaysia was also ranked as the 23rd leading exporter and 26th leading importer in the world in 2010. Traditionally, since the 1970s, Malaysia's main focus has been in the plantation and commodities sectors with rubber and tin being the primary exports. In early 1980s, exports were diversified to include palm oil, tropical hardwood, petroleum and natural gas and manufactured goods. Thereafter, since 1983, Malaysia improved its position to be one of the world's leading trading nations and also among the top global exporters. The significant increase of FDI beginning in the mid-1980s has also contributed to the improvement and transformation of the manufacturing sector. By the mid-1990s, the manufacturing sector was contributing significantly to Malaysia's economic development. Electronics and electrical (E&E) products, chemicals and chemical products, machinery and general industrial equipment became the country's main export items to the world.

Globally, 2010 was a year of recovery. In Malaysia, the Government formulated and launched the Economic Transformation Programme (ETP) which aims to propel the country to a high-income economy by 2020. Under the ETP, 131 Entry Point Projects (EPPs) have been identified. They include the Mass Rapid Transit (MRT) under the Greater Kuala Lumpur National Key Economic Area (NKEA) and the Kuala Lumpur International Financial District (KLIFD) under the Financial Service NKEA, a collaboration between Mubadala Development Company and 1Malaysia Development Berhad (1MDB).

The EPPs will provide huge investment opportunities. With this new policy, 2011 is expected to be an exciting year as the country embarks on the implementation of ETP. While the manufacturing sector will continue to contribute significantly to Malaysia's overall GDP growth, the services sector will be developed as a growth engine to contribute to 57.7% of Malaysia's GDP in 2011. The Government will continue to play a key role as the enabler and facilitator to create an environment conducive for businesses to grow.


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CHAPTER

2

MALAYSIA'S EXTERNAL TRADE

- *Total trade increased by 18.4% to reach RM1.17 trillion*

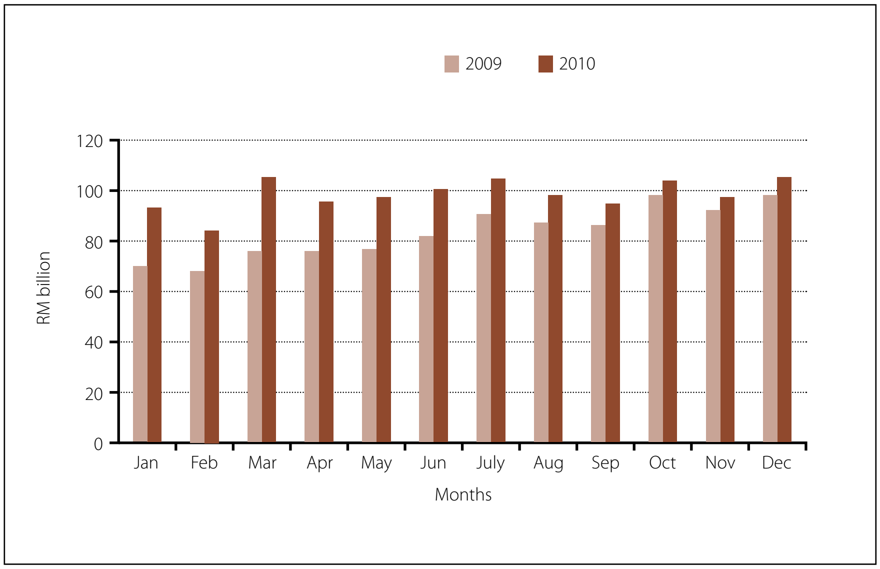
- *52.2% (RM610.17 billion) of total trade with Singapore, the PRC, Japan, the USA and Thailand*

- *North-East Asia is largest export destination with RM224 billion in exports*

OVERVIEW

Total trade grew by 18.4% to RM1.17 trillion, almost reaching the pre-crisis 2008 level of RM1.18 trillion. Exports expanded by 15.7% to RM639.43 billion while imports grew by 21.8% to RM529.19 billion resulting in a trade surplus of RM110.23 billion.

Chart 2.1: Total Trade, 2009-2010



Source: DOSM

The PRC, Singapore, Japan, the USA and Thailand were Malaysia's top five trading partners, accounting for 52.2% or RM610.17 billion of total trade. For the second consecutive year, the PRC remained the largest trading partner, accounting for 12.6% or RM147.03 billion of total trade.

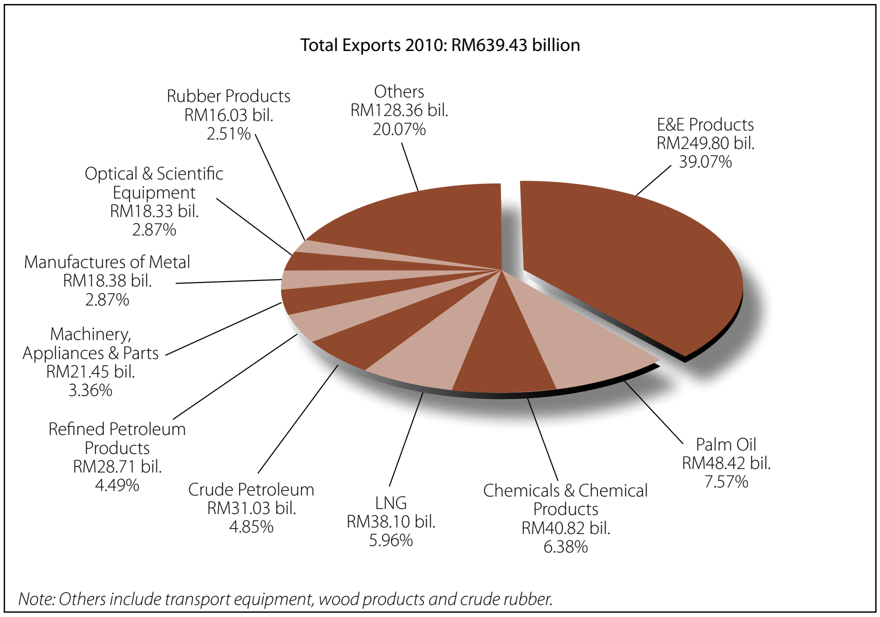
EXPORTS

Exports of manufactured products increased by 11.6% to RM460.96 billion, accounting for 72.1% of Malaysia's total exports. Mining exports increased by 28.5% to RM101.9 billion while agricultural goods grew by 29.6% to RM71.8 billion.

Major exports were electrical & electronic (E&E) products, palm oil, chemicals and chemical products, liquefied natural gas (LNG) and crude petroleum. E&E exports, which grew by 8.6% to RM249.80 billion, comprised 39.1% of total exports, attributed mainly to higher exports to the PRC, Singapore and Japan. However, the USA, which continues to be Malaysia's largest market for E&E products, registered a decrease of 11.2% to RM35.47 billion. Television reception apparatus, photosensitive semiconductor devices and transistors made up 12.1% of total E&E exports valued at RM30.25 billion, a surge of 93.2%.

In the agriculture sector, crude palm oil (CPO) was the main export, comprising 67.4% of sector exports and 7.6% of total exports. CPO export contributed RM48.42 billion, an increase of 26.0%, due primarily to the 20.5% increase in average CPO price to RM2,704.50 per tonne.

Chart 2.2: Top 10 Exports by Product Sector in 2010



Note: Others include transport equipment, wood products and crude rubber.

Source: DOSM

The total exports of the three main products in the mining sector, namely LNG, crude petroleum and refined petroleum products, grew by 27.6% to RM97.84 billion, representing 96% of sector exports and 15.3% of total exports. Their individual contributions ranged from 28% to 37%.

Malaysia's top five export destinations, namely Singapore, the PRC, Japan, the USA and Thailand collectively accounted for 51.2% of total exports. As exports to Japan expanded by 24.3% to RM66.29 billion, the country replaced the USA as Malaysia's third largest export destination.

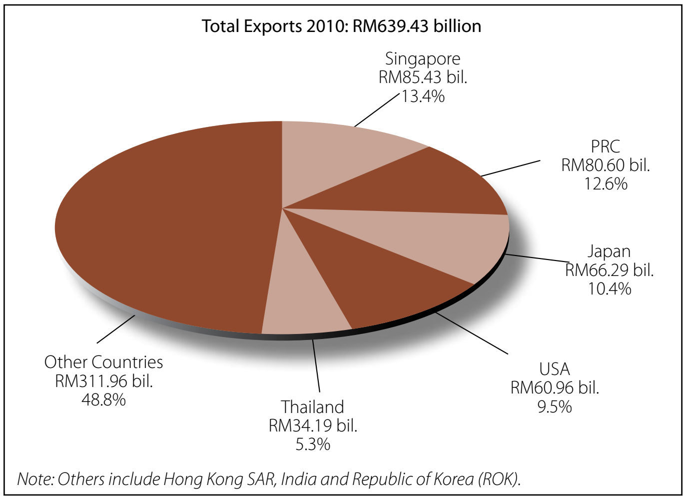
Exports to Chinese Taipei increased significantly by 39.0% to RM20.18 billion, a major contributing factor being increased E&E exports. Other export markets that recorded significant increases were Viet Nam (37.6%, RM11.41 billion), the Philippines (43.8%, RM10 billion), Pakistan (31.3%, RM7.52 billion) and France (30.5%, RM7.11 billion).

IMPORTS

Imports of intermediate goods increased by 22.1% to RM363.15 billion, capital goods by 16.2% to RM76.44 billion and consumption goods by 10.1% to RM34.59 billion, representing 68.6%, 14.4% and 6.5% of total imports respectively.

Japan overtook the PRC as the largest import source accounting for RM66.55 billion (12.6%) of total imports. The major imports were E&E products, machinery, appliances and parts, and transport equipment which accounted for 57.6% of total imports. Imports from the PRC amounted to RM66.43 billion (12.6%), Singapore RM60.44 billion (11.4%), the USA RM56.31 billion (10.6%) and Thailand RM32.98 billion (6.2%).

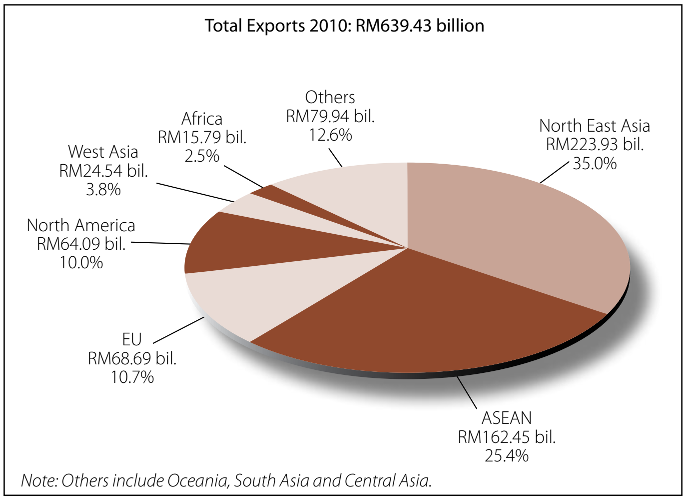
Chart 2.3: Top Five Export Destinations in 2010



Note: Others include Hong Kong SAR, India and Republic of Korea (ROK).

Source: DOSM

Chart 2.4: Exports by Region in 2010



Note: Others include Oceania, South Asia and Central Asia.

Source: DOSM

Chart 2.5: Imports by Region in 2010

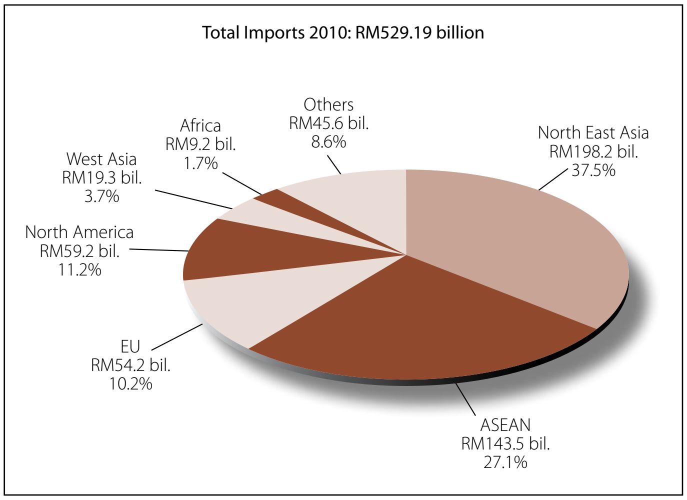
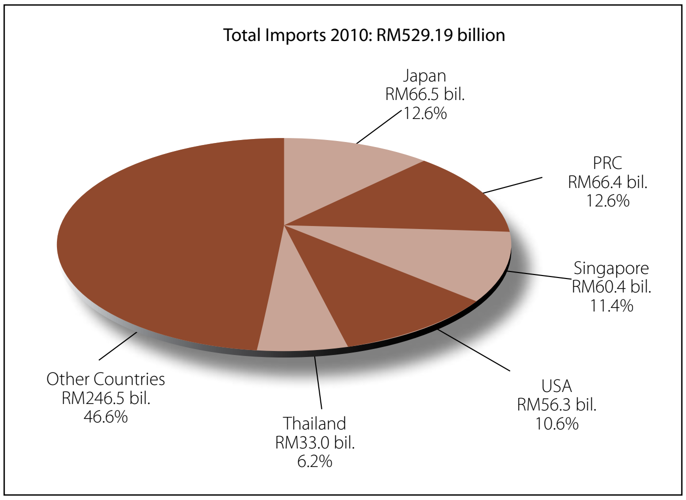


Chart 2.6: Top Five Import Sources in 2010



DIRECTION OF TRADE

The largest regional trading partner was North East Asia, which registered a total trade of RM422.15 billion, representing 36.1% of Malaysia's total trade. ASEAN recorded RM305.93 billion (26.2%) in total trade, North America RM123.26 billion (10.5%) and the EU RM122.85 billion (10.5%).

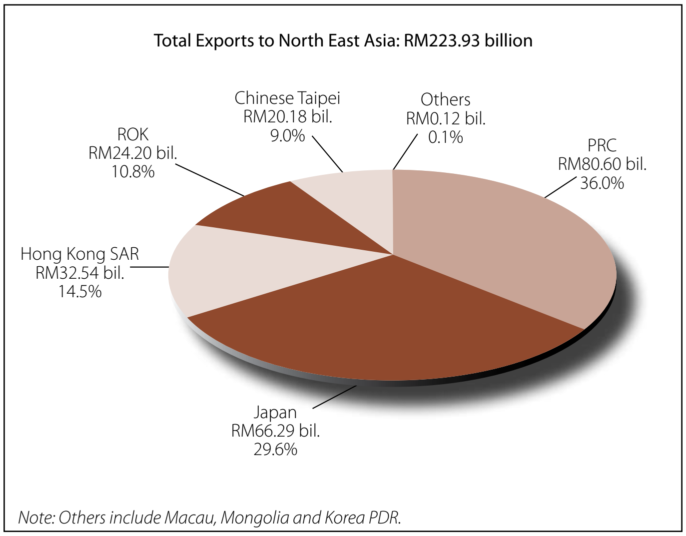
North East Asia was Malaysia's largest export destination at RM223.93 billion (35.0%) of Malaysia's total exports followed by ASEAN at RM162.45 billion (25.4%), the EU at RM68.69 billion (10.7%) and North America at RM64.09 billion (10.0%). North East Asia was also the largest import source at RM198.22 billion (37.5%) of total imports followed by ASEAN at RM143.48 billion (27.1%), North America at RM59.17 billion (11.2%) and the EU at RM54.16 billion (10.2%).

North East Asia

Exports to North East Asia increased by 21.2%. The main exports, namely E&E products, LNG, chemicals and chemical products, palm oil, as well as optical and scientific equipment constituted 74.7% of total exports to the region.

The PRC was Malaysia's largest export market at RM80.60 billion, an increase of 19.7%, attributable to an increase in manufacturing activity in the PRC. E&E products, which comprised 50.8% of total exports, increased by 11.7% to RM40.93 billion. The main E&E products were semiconductor devices, integrated circuits (ICs), transistors and valves, accounting for RM21.18 billion (51.7%).

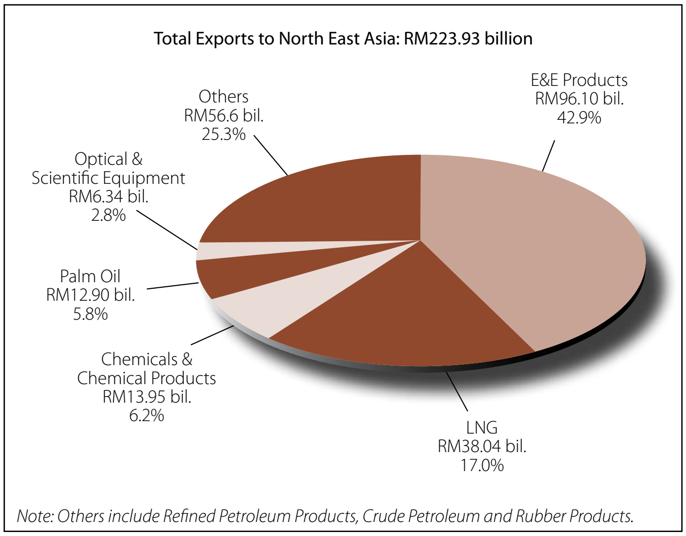
Chart 2.7: Exports to North East Asia by Countries



Note: Others include Macau, Mongolia and Korea PDR.

Source: DOSM

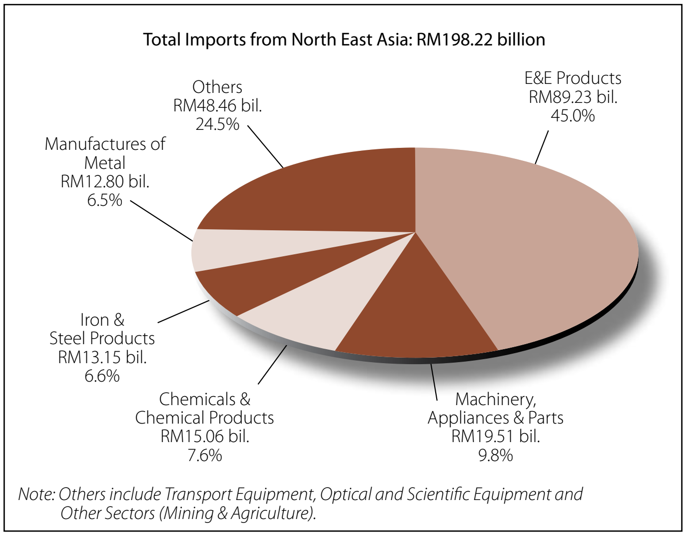
Chart 2.8: Composition of Exports to North East Asia



Note: Others include Refined Petroleum Products, Crude Petroleum and Rubber Products.

Source: DOSM

Chart 2.9: Composition of Imports from North East Asia



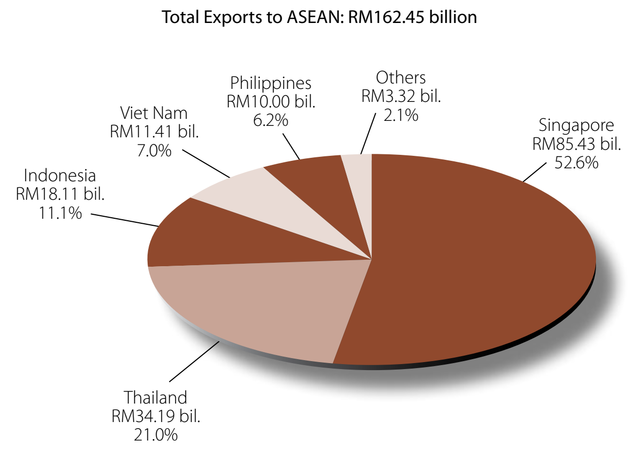
Note: Others include Transport Equipment, Optical and Scientific Equipment and Other Sectors (Mining & Agriculture).

Source: DOSM

ASEAN

ASEAN contributed RM305.93 billion (26.2%) to Malaysia's total trade, an increase of 21.0%. Singapore was Malaysia's largest trading partner with total trade of RM145.87 billion (47.7%) followed by Thailand (22.0%), Indonesia (15.5%), the Philippines (7.0%) and Viet Nam (6.5%).

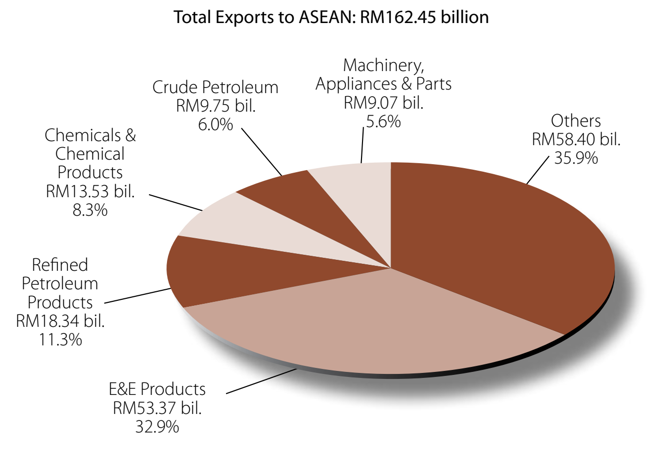
Chart 2.10: Exports to ASEAN by Country



Note: Others include Brunei Darussalam, Myanmar, Cambodia and Lao PDR

Source: DOSM

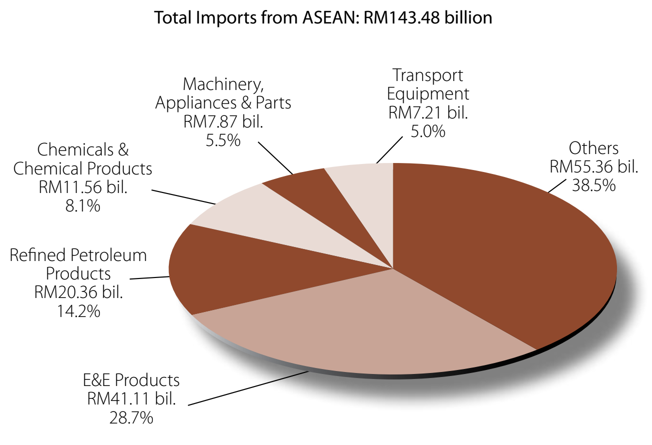
Chart 2.11: Composition of Exports to ASEAN



Note: Others include Manufactures of Metal, Iron and Steel Products and Processed Food

Source: DOSM

Chart 2.12: Composition of Imports from ASEAN



Note: Others include Manufactures of Metal, Palm Oil and Crude Rubber.

Source: DOSM

North America and the EU

Malaysia's total trade with North America increased by 7.5% to RM123.3 billion with exports increasing by 0.8% to RM64.1 billion.

The EU contributed RM122.85 billion (10.5%) to Malaysia's total, trade an increase of 10.8%, thus making the EU Malaysia's fourth largest trading partner. The top five EU trading partners were Germany (31.5%), the Netherlands (19.2%), France (10.9%), the United Kingdom (UK) (10.6%) and Italy (6.5%).

OUTLOOK

The IMF has forecast a 6.2% growth in export volume for advanced countries and 9.2% for developing and emerging economies in 2011. Import volume is expected to grow by 5.5% for advanced countries and 11.9% for developing and emerging economies.

Based on the global economic and trade outlook, Malaysia's trade in 2011 is projected to grow, albeit at a slower rate compared with 2010. Under the Tenth Malaysia Plan (10MP) exports are forecast to grow 10.6% annually. Achieving this target will depend greatly on the economic and political developments in the developed and emerging markets during the period of the Plan.

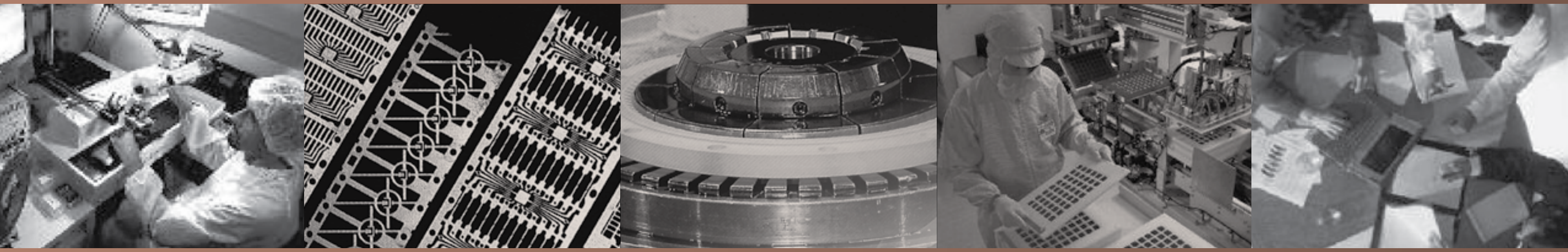
Exports to both developing and emerging markets will contribute to growth in 2011. Exports to the PRC are expected to continue to grow in view of the strong economic growth of 8.7% predicted for the PRC. Even though the PRC is moderating this growth to 8%, it is still a promising market for Malaysian exports. With the signing of the FTA between Malaysia and India and the strong 8% economic growth for India, Malaysia's exports to India are expected to continue to register double-digit growth in 2011.

Malaysia's exports to ASEAN are expected to register significant growth in tandem with the growth forecast for Singapore, Indonesia and Thailand. The greater economic integration within ASEAN will also give impetus to exports to the region.

Both manufactured goods and commodities will continue to contribute to growth in exports in 2011. For manufactured goods, E&E products are expected to maintain their dominance as the major contributor to exports. However, the growth in E&E exports is expected to be moderate in the first quarter of 2011 due to the anticipated slowdown of the global semiconductor industry.

Exports of palm oil, LNG, refined petroleum, crude petroleum and crude rubber will continue to show strong growth in 2011 driven by both increased demand and high prices. The high average future prices of palm oil are expected to be sustained in 2011 as a result of current limited global supply and export restrictions imposed by producing countries. Although Indonesia imposes an export restriction on palm oil, it is consistent with World Trade Organization (WTO) regulations.

To ensure Malaysian companies derive maximum benefit from the global economic recovery in 2010, Malaysia External Trade Development Corporation (MATRADE) will continue to undertake over 200 programmes in the areas of Exporters Development and Export Promotion. Malaysia's overseas promotional activities will focus on retaining the country's share in traditional markets while expanding into the fast-growing markets of Brazil, Russia, India and China (BRIC countries) as well as diversifying into the emerging markets of West Asia, Central Asia and Africa.



CHAPTER 3

INVESTMENTS

- *FDI in manufacturing sector increased by 31.2% to reach RM29.06 billion*
- *DDI increased by 72.7% to reach RM18.12 billion*
- *RM47.18 billion total investments for 910 manufacturing projects approved and 97,319 job opportunities created*
- *Top five states for approved investments: Pulau Pinang, Selangor, Johor, Sarawak and Perak*
- *FDI in services sector totalled RM3.95 billion, DDI reached RM32.79 billion and 53,435 job opportunities created*

OVERVIEW

Malaysia attracted a significant increase in the number of projects and level of investments in the manufacturing sector. A total of 910 manufacturing projects with total investments of RM47.18 billion were approved compared with 766 manufacturing projects with total investments of RM32.64 billion in 2009. Projects approved in 2010 are expected to create a total of 97,319 employment opportunities, of which 74.2% are in the managerial, technical and supervisory, and skilled workers categories.

The Government introduced several initiatives to improve the business environment and encourage investments in Malaysia. These measures include the ETP, incentives announced under the 2011 Budget, a review of the List of Promoted Activities and Products (General List) under the Promotion of Investment Act (PIA) 1986, empowerment and corporatisation of Malaysia Industrial Development Authority (MIDA) and the establishment of the Investment Committee.

POLICY INITIATIVES TO ENHANCE INVESTMENTS

ETP is the Government's economic agenda in response to challenges in a rapidly evolving global environment. As investments are important to ETP, a total of 131 Entry Point Projects (EPP) valued at US$138 billion have been identified, involving 60 business opportunities. This will contribute towards a services-based economy, with the services sector growing from 58% to 65%. The projects will create 3.3 million job opportunities that will generate a Gross National Income (GNI) of US$523 billion (RM1.63 trillion) by 2020. The Ministry of International Trade and Industry (MITI) and MIDA will play an important role in ensuring there is a significant leap in investment activities in the 12 NKEAs and other priority sectors.

Incentives Announced under 2011 Budget

Renewable Energy

- Effective date of application for tax incentives extended to 31 December 2015 for the following:
    - companies generating energy from renewable sources and companies providing energy conservation services; and
    - companies generating renewable energy for own consumption and companies which incur capital expenditure for energy conservation for own consumption.

Hybrid and Electrical Vehicles

- Full exemption on import duty and excise duty extended to 31 December 2011 for hybrid cars and hybrid/electric motorcycles.

Oil and Gas Industry

- An investment tax allowance of 60% to 100% of capital expenditure to be deducted against statutory income to encourage the development of capital-intensive projects (i.e. Enhanced Oil Recovery (EOR), High CO2 gas fields, High Pressure High Temperature (HPHT), Deepwater and Infrastructure projects for Petroleum Operations);
- A reduced tax rate from 38% to 25% for marginal oil field development to improve commerciality of the developments;
- An accelerated Capital Allowance from 10 years to 5 years for marginal oil field development where full utilisation of capital cost deducted could improve project viability;
- A Qualifying Exploration Expenditure transfer between non-contiguous petroleum agreement with the same partnership or sole proprietor to enhance contractors' risk-taking attitude, which could encourage higher levels of exploration activity; and
- A waiver of export duty on oil produced and exported from marginal oil field development to improve project commerciality.

Tourism Industry

- Hotels undertaking refurbishment/ renovation/expansion will be given a third round Investment Tax Allowance (ITA) of 60% on the capital expenditure for 5 years and exemption up to 70% from statutory income.

Others

- Allocation of RM857 million to the E&E industry for local companies to engage in high value-added activities;
- Allocation of RM127 million to support domestic oleo derivatives companies and RM23.3 million to expand downstream palm oil industries including production of vitamins;
- Stamp duty exemption of 50% on instruments of transfer and loan agreement instruments for first-time house buyers of houses with the price not exceeding RM350,000;

- Allocation of funds for the Private Partnership Programme (PPP) amounting to RM12.5 billion of which RM1 billion, through the Facilitation Fund, is for enhancing private sector involvement in economic activities. Among projects identified are construction of highways, combined-cycle gas power plant and hospitals;
- Abolishment of import duty on tourism products such as cameras, watches and perfumes; and
- Extension of incentives by another two years from 1 January 2011 to 31 December 2012 for companies investing in last mile broadband infrastructure.

Policy Measures

i. Establishment of the National Committee on Investments (NCI) in MIDA to evaluate and approve investment projects in real time;

ii. Empowerment and corporatisation of MIDA to enhance organisational flexibility to attract investments and become a more effective Investment Promotion Agency;

iii. Review of products in the List of Promoted Activities and Products (General List) under the Promotion of Investment Act (PIA) 1986 from 413 to 224 promoted activities/products involving 26 sub-sectors;

iv. Establishment of the Investment Committee under the chairmanship of the Minister of International Trade and Industry and the Chief Executive Officer of the Performance Management & Delivery Unit (PEMANDU) to ensure greater coordination in the area of investments between the Government and private sector;

v. Continuous engagement with both foreign and domestic investors to achieve the ratio of FDI to DDI at 50:50; and

vi. Discussions with the Regional Corridor Authorities regarding development and investments in each Corridor.

INVESTMENT AGREEMENTS

The Investment Guarantee Agreement (IGA) promotes greater protection for investors and their investments and eases investment flows between two countries. Among others, it ensures that all foreign investors and their investments are treated fairly as provided for under the Most Favoured Nation (MFN) article.

Investors are guaranteed prompt and adequate compensation under IGAs in the event of nationalisation or expropriation of their investments. IGAs provide the mechanism for resolution of investment disputes between an investor and Party involving claims for loss or damage.

The Government in 2010 gave the mandate to pursue IGAs with eight new countries identified to have potential investment cross-flow opportunities with Malaysia, namely Mauritius, Qatar, Cameroon, Mexico, Nigeria, Kenya, Oman and Chad.

Malaysia signed several FTAs which include an Investment Chapter or separate Investment Agreements with elements of protection, liberalisation, promotion and facilitation of investments.

INVESTMENTS IN THE MANUFACTURING SECTOR

Malaysia continues to remain a competitive investment location. Of the total investments approved, foreign investments accounted for RM29.06 billion (61.6%).

Domestic investments surged by 72.7% to RM18.12 billion from RM10.49 billion in 2009, representing 38.4% of total approved investments. This was in response to the call by the Government for domestic investors to assume a prominent role under the ETP.

New Projects

A total of 537 new projects with investments worth RM23.89 billion were approved, of which domestic investments amounted to RM12.18 billion and foreign investments, RM11.71 billion.

Expansion/Diversification Projects

A total of 373 expansion/diversification projects involving investments of RM23.28 billion were approved.

Investments Approved by Industry in 2010

The top eight industries accounted for RM38.81 billion (82.3%) of total investments approved (please see details of approved projects in Table 3.1).

	Industry	Investments (RM billion)
i	Electrical and Electronics	13.29
ii	Petroleum products (incl. petrochemicals)	5.75
iii	Basic metal products	5.24
iv	Transport equipment	3.53
v	Non-metallic mineral products	3.21
vi	Chemicals and chemical products	2.83
vii	Fabricated metal products	2.53
viii	Food manufacturing	2.44

Export-Oriented Projects in 2010

Of the 910 projects approved, 305 (33.5%) were export-oriented involving exports of at least 80% of their output. Investments in these export-oriented projects totalled RM23.13 billion (48.9%) of total investments. Foreign investments in these export-oriented projects amounted to RM17.13 billion while domestic investments totalled RM5.99 billion.

	Industry	Investments (RM billion)
i	Electrical and Electronics	6.07
ii	Petroleum products (incl. petrochemicals)	3.73
iii	Basic metal products	2.41
iv	Scientific and measuring equipment	2.11
v	Fabricated metal products	1.52
vi	Chemicals and chemical products	1.28

Capital-Intensive Projects

Capital intensity per employee (CIPE) ratio is measured by the capital investment per employee. The CIPE ratio of projects approved was RM484,767. The CIPE ratio of manufacturing projects has shown an upward trend since 1990 (RM167,638). This reflects a move towards more capital-intensive, high value-added and high technology projects. A total of 69 projects, each with investments of RM100 million or more, were approved, including nine projects with investments exceeding RM1 billion each. Total investments of these projects amounted to RM36.26 billion (76.9%). The capital-intensive projects are in the following sectors:

	Industry	Investments (RM billion)
i	Electrical and Electronics	11.97
ii	Petroleum products (incl. petrochemicals)	5.67
iii	Basic metal products	4.46
iv	Non-metallic mineral products	2.63
v	Transport equipment	2.56

Employment Opportunities

Workforce transition in the manufacturing sector is already taking place with an increasing proportion of employment in highly skilled occupations. Projects approved are expected to generate a total of 97,319 employment opportunities, of which 72,221 (74.2%) will be in the managerial, technical, supervisory and skilled manpower categories. Industries expected to create the most number of employment opportunities are E&E (29,212), transport equipment (13,159), basic metal products (6,901), rubber products (6,764), and machinery and equipment (6,653).

APPROVED PROJECTS BY OWNERSHIP

Domestic Investments

Domestic investments surged to RM18.12 billion (38.4% of total approved investments) from RM10.49 billion in 2009, indicating continued interest in investing in the manufacturing sector. The major portion of RM12.18 billion was in new projects, while RM5.94 billion was in expansion/diversification projects. Domestic investments were mainly in petroleum products including petrochemicals (RM4.66 billion), transport equipment (RM2.78 billion), basic metal products (RM1.65 billion), E&E (RM1.45 billion), food manufacturing (RM1.22 billion), and chemicals and chemical products (RM1.09 billion).

Foreign Investments

Malaysia successfully attracted higher levels of foreign investments in the manufacturing sector totalling RM29.06 billion, an increase of 31.2%, compared to RM22.14 billion in 2009. Foreign investments in new projects and expansion/ diversification projects amounted to RM11.71 billion and RM17.35 billion respectively. These investments were mainly in E&E products (RM11.84 billion), basic metal products (RM3.60 billion), non-metallic mineral products (RM2.24 billion), scientific and measuring equipment (RM2.18 billion) and chemicals and chemical products (RM1.74 billion).

The five leading sources of foreign investments were the USA, Japan, Hong Kong SAR, Singapore and Germany. These countries jointly accounted for 77.9% of total foreign investments approved.

The USA

The USA was the largest FDI source with investments totalling RM11.74 billion in 47 projects comprising RM2.45 billion in 12 new projects and RM9.29 billion in 35 expansion/diversification projects. The largest investment of RM4.26 billion was for an expansion/diversification project for the manufacture of thin-film magnetic disks using advanced technology.

Japan

Japan, the second largest FDI source, invested RM4.03 billion in 61 projects comprising RM3.25 billion in 44 expansion/diversification projects and RM775.3 million in 17 new projects. The largest investment of RM1.48 billion was for an expansion project for the manufacture of glass fibre.

Hong Kong SAR

Hong Kong SAR was the third largest FDI source with total investments of RM2.77 billion in 11 projects comprising nine new projects and two expansion/ diversification projects. The largest investment of RM1.51 billion was for a new project to manufacture silicon manganese, ferrosilicon, high carbon ferromanganese, medium carbon ferromanganese and sintered manganese ore.

Singapore

As Malaysia's fourth largest FDI source, Singapore contributed total investments of RM2.16 billion in 81 projects comprising RM730.4 million in 41 new projects and RM1.43 billion in 40 expansion/diversification projects. The largest investment of RM491.0 million was for an expansion project to produce fatty acid, fatty alcohols, metal stearates, methyl ester sulphonate, glycerine (crude and refined), laundry soap, toilet soap and soap noodle.

Germany

Germany, the fifth largest FDI source, invested a total of RM1.94 billion in 16 projects, of which RM116.4 million was for five new projects and RM1.82 billion for 11 expansion/diversification projects. The largest investment of RM1.70 billion was for an expansion and modernisation project to produce IVC-new blood exposure safety products and other medical products, capacity expansion and life cycle adjustments.

APPROVED PROJECTS BY LOCATION

Selangor (325 projects worth RM10.64 billion), Johor (172 projects worth RM7.46 billion) and Pulau Pinang (128 projects worth RM12.24 billion) continued to be the leading states for approved projects in the manufacturing sector. Pulau Pinang registered the highest level of investments due to a large expansion project valued at RM4.26 billion to manufacture thin-film magnetic disks and substrates. Sarawak and Perak registered investments of RM3.95 billion and RM3.04 billion respectively (please refer to Table 3.2).

IMPLEMENTATION OF APPROVED MANUFACTURING PROJECTS

A total of 5,648 manufacturing projects were approved during the period 2005 - 2010 of which 4,185 projects (74.1%) had commenced production as at 31 December 2010 while 258 (4.6%) were at the stage of factory construction and machinery installation. Total capital investments of these 4,443 projects amounted to RM155.09 billion.

Most of the implemented projects were located in Selangor (1,445 projects/RM39.34 billion), Johor (955 projects/RM37.09 billion), Penang (646 projects/RM21.88 billion), Perak (261 projects/RM6.09 billion), Kedah (230 projects/RM13.03 billion) and Melaka (205 projects/RM10.75 billion). Major projects implemented during the period 2005-2010 are involved mainly in E&E products, fabricated metal products, machinery and equipment, plastic products, food manufacturing and chemicals and chemical products.

Table 3.1: Approved Manufacturing Projects by Industry, 2010

INDUSTRY	New					Expansion/Diversification					Total				
	Total Capital Investment (RM mil)	Foreign Investment (RM mil)	Domestic Investment (RM mil)	Number of Projects	Employment	Total Capital Investment (RM mil)	Foreign Investment (RM mil)	Domestic Investment (RM mil)	Number of Projects	Employment	Total Capital Investment (RM mil)	Foreign Investment (RM mil)	Domestic Investment (RM mil)	Number of Projects	Employment
TOTAL	23,894.7	11,710.7	12,184.0	537	47,560	23,282.3	17,345.8	5,936.5	373	49,759	47,177.0	29,056.6	18,120.4	910	97,319
Electrical & Electronics Products	3,270.4	2,272.0	998.4	47	5,641	10,023.3	9,570.3	453.0	79	23,571	13,293.6	11,842.3	1,451.3	126	29,212
Petroleum Products (incl. Petrochemicals)	3,752.5	753.6	2,998.9	7	558	2,000.2	335.7	1,664.5	5	60	5,752.9	1,089.4	4,663.5	12	618
Basic Metal Products	5,168.0	3,572.9	1,595.1	37	6,634	77.2	22.7	54.5	11	267	5,245.1	3,595.5	1,649.6	48	6,901
Transport Equipment	2,145.8	540.9	1,604.9	52	6,680	1,384.4	204.6	1,179.8	38	6,479	3,530.1	745.4	2,784.7	90	13,159
Non-Metallic Mineral Products	945.0	94.1	850.9	15	1,178	2,267.2	2,143.3	123.9	15	2,088	3,212.2	2,237.4	974.8	30	3,266
Chemicals & Chemical Products	1,014.6	246.9	767.7	47	1,261	1,815.5	1,488.7	326.8	42	963	2,830.2	1,735.6	1,094.6	89	2,224
Fabricated Metal Products	1,764.1	1,330.9	433.2	59	3,126	765.0	193.3	571.7	14	2,451	2,529.2	1,524.3	1,004.9	73	5,577
Food Manufacturing	1,335.4	552.8	782.6	49	3,341	1,105.0	662.8	442.2	24	1,214	2,440.4	1,215.5	1,224.9	73	4,555
Scientific & Measuring Equipment	828.9	667.2	161.7	15	1,836	1,526.6	1,512.6	14.0	19	1,616	2,355.5	2,179.8	175.7	34	3,452
Machinery & Equipment	1,442.1	587.7	854.4	71	5,209	473.9	431.7	42.2	21	1,444	1,916.0	1,019.4	896.6	92	6,653
Rubber Products	282.5	105.7	176.8	17	2,677	633.1	66.9	566.2	17	4,087	915.6	172.6	743.0	34	6,764
Plastic Products	382.4	108.6	273.8	32	2,175	398.3	147.3	251.0	40	1,516	780.6	255.8	524.8	72	3,691
Textiles & Textile Products	135.0	55.6	79.4	10	884	490.7	444.9	45.8	11	505	625.6	500.5	125.1	21	1,389
Furniture & Fixtures	281.6	151.7	129.9	29	2,890	161.5	89.5	72.0	13	2,273	443.0	241.2	201.8	42	5,163
Paper, Printing & Publishing	273.8	49.9	223.9	6	485	20.9	20.0	0.9	4	42	294.7	70.0	224.7	10	527
Wood & Wood Products	253.3	42.3	211.0	30	2,132	34.8	6.9	27.9	12	1,001	288.2	49.3	238.9	42	3,133
Beverages & Tobacco	19.8	1.5	18.3	5	314	91.4	0.6	90.8	2	110	111.2	2.1	109.1	7	424
Miscellaneous	599.5	576.4	23.1	9	539	13.3	4.0	9.3	6	72	612.9	580.5	32.4	15	611

Source: MIDA

Table 3.2: Approved Manufacturing Projects by State, 2010

State	Total		New		Expansion/ Diversification	
	Number of Projects	Total Capital Investment (RM million)	Number of Projects	Total Capital Investment (RM million)	Number of Projects	Total Capital Investment (RM million)
TOTAL	910	47,177.0	537	23,894.7	373	23,282.3
Pulau Pinang	128	12,238.0	64	2,846.0	64	9,392.0
Selangor	325	10,641.8	207	4,354.9	118	6,286.9
Johor	172	7,464.9	94	5,559.5	78	1,905.5
Sarawak	43	3,945.0	26	3,488.8	17	456.3
Perak	49	3,039.7	33	2,764.4	16	275.3
Terengganu	9	2,327.9	7	662.9	2	1,665.0
Kedah	49	1,960.6	28	291.7	21	1,668.9
Melaka	37	1,631.1	16	885.6	21	745.5
Sabah	39	1,325.6	29	1,227.2	10	98.4
Negeri Sembilan	35	1,292.6	17	593.5	18	699.1
Pahang	13	1,038.7	7	979.9	6	58.8
Kelantan	5	169.6	3	139.0	2	30.6
W.P. Kuala Lumpur	4	55.0	4	55.0	-	-
Perlis	1	31.4	1	31.4	-	-
W.P. Labuan	1	14.9	1	14.9	-	-

Source: MIDA

INVESTMENTS IN THE SERVICES SECTOR

The services sector covers a wide spectrum including regional establishments, support services, Multimedia Super Corridor (MSC) status companies, real estate (housing), transport, energy, telecommunications, distributive trade, hotels and tourism, financial services, health services and educational services.

A total of 3,281 projects with investments amounting to RM36.74 billion were approved. Domestic investments accounted for RM32.79 billion (89.2%) while foreign investments totalled RM3.95 billion (10.8%). These projects are expected to provide 53,435 employment opportunities especially in the managerial, professional and technical categories.

Regional Establishments

Regional establishments comprise Operational Headquarters (OHQs), Regional Distribution Centres (RDCs), International Procurement Centres (IPCs), Regional Offices (ROs) and Representative Offices (REs).The present trend for MNCs especially in the E&E sector is to move towards services activities by establishing their global operation in this region. A total of 183 new regional establishments comprising 22 OHQs, five IPCs, five RDCs, 55 ROs and 96 REs with total investments of RM374.2 million were approved in 2010. They were involved mainly in the E&E, oil and gas, food, petrochemicals and automotive industries.

Support Services

A total of 89 projects worth RM1.09 billion were approved in the support services sector. Support services cover research and development (R&D), renewable energy and energy conservation/efficiency, engineering design, integrated logistics services, integrated market support services, cold chain facilities, sterilisation and central utilities facilities.

Table 3.3: Approved Investments in the Services Sector, 2010

Services Sub-sector	2010				
	No.	Employment	Domestic Investment	Foreign Investment	Total Investment
			(RM million)		
Regional Establishment	183	1,499	78.9	295.3	374.2
Support Services	89	2,466	832.8	256.5	1,089.3
Real Estate (Housing)	1,328	0	6,502.5	50.1	6,552.6
Telecommunications (Including Post)	50	0	6,376.0	0.0	6,376.0
Transport	54	282	5,556.4	76.6	5,633.0
Energy	0	0	5,059.5	0.0	5,059.5
Hotel &Tourism	50	18,105	2,060.2	498.1	2,558.3
Distributive Trade	857	12,845	658.0	1,725.1	2,383.1
Education Services	327	1,933	2,268.1	72.6	2,340.7
Financial Services	70	227	1,676.8	176.3	1,853.1
MSC Status Companies	218	12,797	887.7	597.0	1,484.7
Health Services	15	818	447.3	108.6	555.9
Bionexus Status & Software	40	2,463	390.2	91.7	481.9
Total	3,281	53,435	32,794.4	3,947.9	36,742.3

Source: MIDA

Renewable Energy (RE)

The Government has identified green technology as a new growth area and is actively promoting RE. The main resources for RE generation include oil palm, rice and sugar cane biomass, biogas from landfills, palm oil mill effluent and mini-hydro and solar power.

A total of 21 RE projects were approved with tax incentives compared with 19 projects in 2009. Total investments increased to RM563.8 million from RM381.6 million in 2009. Domestic investments accounted for RM541.9 million (96.1%) while foreign investments totalled RM21.8 million (3.9%). These projects will provide 493 employment opportunities.

The RE target set under 10MP is 985MW (5.5%) of the total electricity generation mix by 2015. To encourage RE generation, Budget 2011 provides tax incentives for another five years ending on 31 December 2015. The RE Act also incorporates a mechanism on Feed-in-Tariff (FiT) to enable the sale of RE to utility companies by independent providers including households.

Energy Efficiency/Conservation

Seven energy conservation/efficiency projects were approved for tax incentives compared with six in 2009. Total investments approved amounted to RM37.5 million compared with RM375.0 million in 2009, the bulk of which was domestic investments (97.1%). Energy conserved from these projects amounted to 1,614 MWh, which translates into savings of RM872,649 per annum. To encourage wider adoption of energy-efficient systems and equipment by companies, the Government has extended the tax incentives for energy efficiency/conservation for another five years until 31 December 2015.

Research and Development (R&D)

R&D activities include industrial design (product and process development including designing and prototyping) and research services provided by design houses, contract R&D companies, R&D companies, and approved R&D institutes/ research companies.

Three projects related to R&D in E&E and testing equipment industries and an in-house R&D project by a manufacturing company to improve its coating product were approved with Pioneer Status (PS) or Investment Tax Allowance (ITA) incentives. Total investments amounted to RM15.4 million of which foreign investments accounted for RM14.8 million (95.9%) and domestic investments, RM0.6 million (4.1%).

Integrated Logistics Services (ILS)

The main activities are freight forwarding, warehousing, transportation and other related value-added services such as distribution, procurement and supply chain management on an integrated basis. Companies undertaking ILS are eligible for PS or ITA to encourage them to expand and venture into higher value-added services to be more competitive globally.

Three Malaysian-owned companies were given approvals to undertake new and expansion projects with total investments of RM102.5 million. These projects involve activities such as building Inland Container Depots, upgrading of warehouses and ICT equipment, and incorporating more value-added services including distribution, packing, re-packing, re-labelling, grading and sampling.

International Integrated Logistics Services (IILS)

The Government announced a major development in the logistics sector where access is given to IILS companies to obtain the Customs Agent License. This license, previously restricted to domestic logistics service providers, will now be issued to qualified IILS providers that offer integrated and seamless logistics services along the logistics value chain as a single entity on a regional or global scale.

An expansion project named One Logistic Hub by an existing local company in Selangor with a total investment of RM58.0 million was approved IILS status. Consisting of two modern warehouses equipped with international-standard facilities, the Hub offers integrated total logistics and value-added services such as custom brokerage, non-vessel operating common carrier (NVOCC), and haulage and transport.

Real Estate

Real estate, covering the housing industry but excluding commercial buildings, was the largest services sub-sector in terms of investments approved in 2010. Total investments of RM6.55 billion for 1,328 projects were approved, surpassing the 2009 record of RM4.59 billion for 901 projects. Domestic investments accounted for 99.2% (RM6.50 billion).

Telecommunications

The sub-sector covers communications and multimedia industries including telcos, broadcasting and postals. Total investments, all domestic, amounted to RM6.38 billion.

Transport

The sub-sector encompasses maritime transport, aviation, and highway construction and maintenance. A total of 54 projects were approved with investments of RM5.63 billion. Domestic investments and foreign investments amounted to RM5.56 billion (98.7%) and RM76.6 million (1.3%) respectively.

Energy

The energy sub-sector includes independent power producers (IPPs); and generation, transmission and distribution of electricity by Tenaga Nasional Bhd. (TNB), Syarikat SESCO Bhd. (SESCO) and Sabah Electricity Sdn. Bhd. (SESB). Investments valued at RM5.06 billion were approved, all of which were domestic investments.

Hotels and Tourism

A total of 50 projects with total investments of RM2.56 billion were approved. Domestic investments and foreign investments totalled RM2.06 billion (80.5%) and RM498.1 million (19.5%) respectively. In comparison, investments approved in 2009 which amounted to RM1.67 billion, all of which were domestic investments.

Distributive Trade

The sub-sector covers wholesale and retail trade, hypermarkets/superstores, department stores, direct selling, franchising and projects approved under the Petroleum Development Act, 1974. A total of 857 projects with investments of RM2.38 billion were approved. Foreign investments and domestic investments amounted to RM1.73 billion (72.7%) and RM658.0 million (27.6%) respectively.

Education Services

This sub-sector covers private colleges/universities, private educational institutions and skills centres. A total of 327 projects involving investments of RM2.34 billion were approved. Domestic investments accounted for RM2.27 billion (97.0%) and foreign investments, RM72.6 million (3.1%). The total investments comprised RM29.2 million in five private colleges/universities, RM6.1 million in 159 private educational institutions and RM17.4 million in 81 skills centres.

To further promote and develop this sub-sector, special incentives for international schools were approved in May 2010, i.e. ITA of 100% on qualifying capital expenditure incurred for new or expansion projects can be offset against 70% of statutory income for a period of five years.

Financial Services

Investments in financial services cover banking, insurance and capital markets (venture capital, fund management, investment advisory and brokerage). A total of 70 projects were approved in the financial services sub-sector with investments of RM1.85 billion comprising domestic investments of RM1.68 billion (80.8%) and foreign investments of RM176.3 million (9.2%). Banking attracted the largest investment of RM520.7 million with RM285.0 million going to Islamic banking, insurance RM169.4 million and capital markets RM63.5 million.

MSC Status Companies

A total of 218 companies with approved investments of RM1.48 billion were granted MSC Status. Of these, 174 (79.8%) were Malaysian-owned, 38 (17.4%) foreign-owned, and six (2.8%) were equal ownership joint-venture projects. Domestic investments and foreign investments amounted to RM887.7 million (59.8%) and RM597.0 million (40.2%) respectively. A total of 12,797 employment opportunities are expected to be created.

Health Services

The sub-sector deals with approvals for private healthcare institutions. Approval was granted for 15 private healthcare institutions (comprising private hospitals and clinics) involving investments of RM555.9 million. Domestic investments amounted to RM447.3 million (80.5%) while foreign investments totalled RM108.6 million (19.5%).

OUTLOOK

The Government has put in place these measures to achieve high income status:

- establishing the National Committee on Investment (NCI) in MIDA;
- empowering MIDA with real time decision-making ability; and
- establishing a Task Force on Investment Promotion in MIDA to coordinate all investment promotion activities and agencies.

Given the renewed business optimism and stronger intentions of investors to pursue foreign expansion as indicated by UNCTAD, it is expected that FDI inflows to Malaysia will increase in 2011 and beyond. The Government will intensify efforts to maintain the country as the preferred investment destination by attracting quality investments into the manufacturing and services sectors.

The Government will continue to promote domestic investments and nurture Malaysian companies to become global industry players. The investment performance of domestic companies in the manufacturing sector in 2010 is a positive response to ETP.

The liberalisation of the services sector will create a business environment conducive for attracting investments, generate higher value employment opportunities and enhancing sector competitiveness.

A key challenge to 10MP is stimulating private sector investments to grow at 12.8% per annum or RM115 billion per annum. MIDA has been entrusted with ensuring the private sector plays a more dynamic role in propelling investment activities.

Box Article 3.1: Malaysia Trustmark

The Malaysia Trustmark (MT) is an initiative by the Government to promote e-Commerce, especially electronic payment. The MT certification scheme will give consumers the confidence and trust to use online transactions for e-Payment in e-Commerce facilities.

The application and certification of MT involves four major stakeholders:
- Merchants (companies), who apply for the MT logo from the Operator;
- the Operator, who processes applications, addresses issues related to MT and awards MT logo;
- the Certifier, who audits the Merchants who apply for the MT logo and reports to the Operator; and
- Consumers, the users of the Merchant's website.

MT incorporates a logo which will be awarded to companies that meet high customer service standards and comply with a code of conduct as follows:
- provide accurate and accessible information through e-Commerce websites;
- provide customer communication and fulfilment, including cancellation and refund policies;
- equipped with ICT security infrastructure and practices for maintaining and storing confidential and private customer information; and
- resolve disputes such as refunds or return of goods.

Malaysia Administrative Modernisation and Management Planning Unit (MAMPU) and CyberSecurity Malaysia have been appointed the Operator and Certifier for the public sector and private sector respectively. The Government has made it compulsory for public agencies establishing e-Payment facility to join the MT Scheme. For the private sector, it is on a voluntary basis.

The Malaysia Trustmark Council is responsible for monitoring the MT Operator's and Certifier's activities, providing guidance and proposing policy changes to increase online safety and build consumers' trust in online transactions. The MT Technical Sub-Committee and MT Legal Sub-Committee are finalising details for the implementation of MT.

CHAPTER

4

PERFORMANCE OF THE MANUFACTURING SECTOR

- *Manufacturing contributed 27.7% to real GDP*
- *Manufactured goods exports increased by 11.6% to reach RM461 billion*
- *Electrical & electronics exports increased by 8.6% to reach RM249.8 billion*
- *Medical devices exports increased by 22% to reach RM12.2 billion*

OVERVIEW

The manufacturing sector's contribution to Malaysia's real GDP was 27.7%. The production index rose to 112.2 due to the increase in domestic and external demands which boosted sales value by 13.8% to RM534.4 billion (details in Annex 1).

Production

For export-oriented industries, the machinery and equipment (M&E) sub-sector registered the highest growth of 39.0%, followed by rubber at 20.8%, and E&E at 15.8%. For domestic-oriented industries, transport equipment sub-sector registered the highest growth of 29.7%, followed by non-metallic minerals at 22.6% and metals at 17.2%.

Sales

The global economic recovery led to total sales value increasing significantly by 13.8% to RM535.5 billion, with export-oriented industries contributing RM406.5 billion (75.9%) and domestic-oriented industries, RM129.0 billion (24.1%).

The Government's focus on increasing local spending raised domestic consumption resulting in a better cash flow situation. The improved global economic environment had a positive impact on Malaysia's manufacturing sector since the economy is export-oriented. As a result of continued high demand for rubber and latex-based products in the health sector, the rubber re-milling and latex processing sub-sector registered a significant increase of 70.1%.

Employment

Due to improved performance, employment recorded a 5.7% growth from 943,586 to 997,643 workers. Higher demand for manufactured goods externally and domestically encouraged several industries to hire more employees to increase production. The E&E industry employed the largest number of workers (330,020), followed by chemicals and chemical products (116,819) and wood and wood products (108,916).

TRADE PERFORMANCE

Exports

Exports of manufactured goods increased by 11.6% to RM461 billion from RM413 billion in 2009. E&E products continued to be the largest contributor to total exports at RM249.8 billion, followed by chemicals and chemical products at RM40.82 billion and machinery, appliances and parts at RM21.45 billion. Singapore and the PRC continued to be the top export destinations. However, exports to the USA and the EU remained subdued as a result of lower demand for E&E products as well as metals and transport equipment (details in Annex 2).

Imports

Imports of manufactured goods increased by 19.9% to RM430.5 billion from RM359.0 billion in 2009. The main imports were E&E products at RM189.1 billion followed by metals at RM50.4 billion, chemicals and chemical products at RM45.3 billion and machinery, appliances and parts at RM43.9 billion. Japan, the PRC and the USA were the largest import sources.

ELECTRICAL AND ELECTRONICS (E&E) INDUSTRY

Developments

The export value of the E&E sub-sector increased by 8.6% following the increase in demand for semiconductor devices, audio visual and communication equipment as well as electrical machinery. The increased global spending on electronic gadgets, particularly on new products such as smart phones, tablet computers and automotive applications, led to a growth of 17.9% in semiconductor devices.

Energy-saving devices such as light emitting diodes (LEDs) and solar photovoltaics contributed to the strong performance in the semiconductor industry. The increase of RM4.9 billion in export value reflected strong global semiconductor sales. Worldwide sales surged 31.8% with broad-based recovery in the demand for most semiconductor product categories.

The NKEA for E&E has outlined five sub-sectors which will generate an additional RM50 billion in GNI and provide 157,000 employment opportunities by 2020. The E&E NKEA focuses on semiconductors, solar, LED, industrial electronics and electrical home appliances.

Outlook

The outlook for the semiconductor industry in 2011 remains positive, with the industry likely to experience a growth of 5% to 7%. With many leading solar cell manufacturers locating their operations in Malaysia, the country is poised to become a manufacturing hub for solar cells.

Growth in the E&E sector in 2011 is expected to be driven by an increase in external demand for semiconductors, consumer electronic equipment, and computers and related equipment. The demand is likely to come from the PC, mobile phone, smart phone, wireless device, digital camera, HDTV and flat-panel TV segments.

AUTOMOTIVE INDUSTRY

Developments

It was an outstanding year in 2010 for the automotive industry as total vehicle sales rose to an all-time high of over 600,000 units, surpassing the previous record of 552,316 units in 2005.

The opening up of Manufacturing Licenses (ML) for manufacturing and assembling activities in selected segments, particularly commercial vehicles and hybrid/electric vehicles under the review of the National Automotive Policy (NAP), is a significant encouragement for both new investments and expansion of existing investments in the country.

The Malaysia-Japan Automotive Industry Cooperation (MAJAICO) initiated via the Malaysia-Japan Economic Partnership Agreement (MJEPA) continued to be one of the important avenues for enhancement of domestic capabilities through human capital development initiatives. As the programme will end by June 2011, the Government is reviewing the need to continue some of the projects beyond this date.

Specialised Investment and Marketing Missions were organised to Thailand, Australia and the USA. Several foreign companies have indicated their interest to collaborate with Malaysian manufacturers to produce for the overseas market.

The Malaysia Automotive Institute (MAI) was incorporated on 16 April 2010 as an independent non-profit organisation under the custodianship of MITI. MAI has been specifically created to serve as a focal point and coordination centre for the development of the local automotive industry. It assists MITI in formulating national automotive policies and managing manpower development programmes as well as formulating and coordinating automotive-related research and development.

MAI has contributed significantly to enhancing technical skill sets to improve productivity and competitiveness of the local automotive sector. One such contribution is its collaboration with universities to create well-trained and competent manpower readily employable by the industry.

Outlook

The automotive sector is anticipated to experience slower growth due to moderate economic growth in 2011. However, the hybrid segment is expected to be boosted by the introduction of new hybrid models and full exemption on import and excise duties offered until 31 December 2011.

The full liberalisation of the ASEAN automotive market beginning 1 January 2010 has provided impetus for Malaysia to become a regional automotive hub focusing on niche areas. With the assistance of MAI, local automotive parts and components manufacturers will be able to penetrate new export markets such as the USA and Australia. Greater employment stability and the marginal impact of interest rate hikes expected in 2011 are likely to aid the Malaysian automotive market.

MACHINERY AND EQUIPMENT (M&E) INDUSTRY

Developments

The M&E industry continued its upward trend with increases in the production index (39.0%), sales value (29.1%) and trade (export 13.7% and import 14.9%).

MIDA has conducted a study entitled 'Enhancing the Development of Machinery and Equipment (M&E) Industry in Malaysia' to assist the Government in formulating a strategy to further develop and nurture the local M&E industry. Mandatory Industrial Standards were introduced to safeguard consumers against sub-standard machinery products. As at 31 December 2010, a total of 342 Malaysian Standards (MS) for M&E products had been developed. The development of guidelines for mandatory standards for lifts, escalators and tower cranes is in progress.

Outlook

The M&E industry will benefit from infrastructure projects to be implemented under the 2011 Budget, 10MP and EPPs under NKEA initiatives such as the MRT project and the power plant project in Sabah. Global economic recovery, which started in mid-2009, will continue into 2011. Continued development of the associations for the industry, and human capital coupled with Government support will further spur the M&E industry.

TEXTILES AND APPAREL INDUSTRY

Developments

Under the 2011 Budget, the Government has abolished import duties ranging from 5% to 30% on 328 products, of which 259 are related to apparel, shoes and headgears. The aim is to increase tourist spending in the country and promote Malaysia as a shopping haven in Asia to achieve the objectives of the NKEA.

The USA and Japan continued to be the major export destinations accounting for 26.6% of exports in this sector. Exports to the PRC, ROK, Germany and Turkey increased between 25.4% and 62.9%. Increase in consumer demand and higher quality of life were among the significant contributors to the increased demand in exports.

The price of cotton rose more than 100% due to speculation, hoarding and limited supply from the top producers in the world, namely Pakistan, which experienced natural disasters; and the PRC and India, both of which were subject to bad weather conditions. Cotton price is expected to remain high until August/September 2011.

Outlook

From 2006 to 2010, the average contribution of the textiles and apparel industry to total export of manufactured products was RM9.9 billion with an average total share of 1.6%. Although this sector is expected to face minimal decrease in total share of manufactured exports in 2011, it is expected to continue as one of Malaysia's top 10 manufacturing sector export earners due to increasing demand from the international market.

The Government is actively assisting the industry to be competitive and further penetrate the international market through FTAs. At the same time, Malaysian companies have to strive to create internationally-recognised brand names.

MEDICAL DEVICES INDUSTRY

Developments

The medical devices industry continued to grow positively with exports increasing by 22% to RM12.2 billion from RM10 billion in 2009. Growth was supported by increasing demand for quality healthcare and Government initiatives to further develop the industry.

Among the medical devices sub-sectors are surgical and examination gloves, catheters, syringes, needles and sutures, medical and surgical x-ray apparatus, ophthalmic lenses including contact lenses, and dental and ophthalmic instruments and appliances. Surgical and examination gloves continued to be the main exports.

The Government has highlighted the importance of this industry through the ETP where the Healthcare NKEA has outlined six EPPs:

- EPP 1: Mandating private health insurance for foreign workers
- EPP 2: Creating a supportive ecosystem to encourage clinical research
- EPP 3: Pursuing generics export opportunities
- EPP 4: Reinvigorating health travel through better customer experience, proactive alliances and niche marketing
- EPP 5: Creating a diagnostic services nexus to achieve scale in telemedicine for eventual international outsourcing
- EPP 6 : Developing a health metropolis: A world class campus for healthcare and bioscience.

The EPPs are expected to generate RM35.3 billion incremental GNI by 2020 and the medical devices industry will play an important role to ensure targets are achieved. To facilitate trade and investment, MIDA has published a directory of 150 manufacturers, support industries, suppliers, distributors and importers of medical devices to provide information and promote linkages.

An additional 103 Malaysian Standards have been developed for medical devices, bringing the total to 310 as at 31 December 2010. A total of 45 draft Malaysian Standards are being developed. To ease the burden of transition, outreach programmes continued to be held in collaboration with the Ministry of Health, Medical Device Bureau, industry associations and other related agencies.

To further develop the regional market and industry, the ASEAN Medical Device Directive (AMDD) is being drafted by ASEAN. AMDD aims to harmonise medical device regulations for safety and performance, and Malaysia participates actively in its formulation.

Outlook

The upcoming revised Medical Device Regulation by the Ministry of Health will enhance as well as regulate the industry. The regulation will ensure timely availability of and access to safe and effective medical devices and prevent sub-standard, unsafe and ineffective devices from reaching the market. In the context of trade, the regulation will provide a favourable environment for industry growth with mechanisms in place for fair and rule-based trade competition.

AEROSPACE INDUSTRY

Developments

Aerospace is one of the booming industries in Malaysia particularly in the manufacturing and the maintenance, repairs and overhaul (MRO) segments. Malaysia's aerospace industry continued to receive new investments and outsourcing contracts.

Although MRO business remained challenging, the increasing number of commercial, military and general aviation aircraft operating in Malaysia generated increased revenue for local MRO companies. The trend of outsourcing MRO works to low-cost centres in the Asia Pacific region, which has increased in recent years, has also supported the growth of the MRO segment in Malaysia.

The Government has identified four niche areas, namely parts manufacturing, aerospace training, MRO, and avionics and system integration as the focus for the development of the industry. MRO is targeted to capture 5% of the global market share by 2015 from the present 1.5%.

Other key achievements:

- establishment of the Aerospace Manufacturing Innovation Centre (AMIC) to develop innovative technology solutions for advanced aerostructures;
- approval of RM91 million under the 2011 Budget for capacity building in MRO, aerospace and aeronautical engineering training programmes;
- expansion of civil MRO businesses through the Business Services EPP under the Government Transformation Programme (GTP) to be led by MAS Aerospace Engineering;
- setting up of Specific Project Missions (SPM) in conjunction with the Singapore Airshow (February 2010) and Farnborough Airshow (July 2010) to further promote investments in the aerospace industry; and
- development of an aircraft system integration capability through the incorporation of CTRM Systems Integration Sdn. Bhd. (CSI) with a RM20 million launching fund to undertake technology acquisition programmes with South Africa.

Outlook

The aerospace industry is anticipated to face tough competition from low-cost countries such as Mexico, Morocco, Viet Nam and Thailand in terms of attracting new investments. However, the implementation of two EPPs will boost the economy by RM16 billion and create 32,000 employment opportunities. Langkawi International Maritime & Aerospace Exhibition (LIMA) 2011 will provide an effective platform for promoting local aerospace products and services and Malaysia as a preferred outsourcing centre for MRO activities in the Asia Pacific region.

METAL INDUSTRY

Developments

A major development was the launching of Malaysia Steel Association (MSA), which will focus on development of the iron and steel upstream industry while the Malaysia Iron and Steel Industry Federation (MISIF) will continue to be the main driver for development of downstream activities. Both these organisations are to work with the Government to further drive the metal industry to be more competitive in the international market.

Outlook

The industry is expanding its production processes towards higher quality products and has attracted both domestic and foreign investments in the blast furnace project especially for flat products. With these new investments, industry players will be able to move another step forward in the aspect of product quality improvement, thus enabling them to supply to high-end users such as the oil and gas and automotive industries.

The implementation of various FTAs has created both opportunities and new challenges for the domestic iron and steel industry. With the abolishment of all import duties on iron and steel products under AFTA effective January 2010, trading among the ASEAN countries especially between Malaysia, Thailand and Indonesia has become more competitive. Rapid development of the iron and steel industry in the PRC is a major threat to the rest of the world including Malaysia in terms of production, price control and the supply of raw materials such as iron ore. Malaysia is moving towards greater liberalisation in the metal industry, with all import duties on long and flat products reduced in 2010.

INDUSTRIAL CHEMICALS

Developments

The sector continued its upward trend with most sub-sectors, such as fertilisers, soap and cleaning, organic, inorganic and other chemical products, recording an increase in production and sales. Exports increased between 10% and 30% in these sub-sectors.

Malaysia continued to take steps towards effective chemicals management and safety programmes to enhance protection of people and the environment. Sector development was focused on activities such as protection of the environment, occupational health and safety, process safety, product stewardship and programmes in capacity building, training and awareness.

Malaysia signed a Memorandum of Understanding (MoU) with United Nations Institute of Training and Research (UNITAR) on Capacity Building Project on the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). The funding will be used for training key personnel on GHS in the industrial workplace as well as the agriculture, transport and consumer sectors; developing awareness-raising material and establishing GHS websites.

Outlook

Prospects for 2011 will depend on the general state of the economy as the industrial chemicals industry cuts across industrial and non-industrial sectors, providing raw materials and intermediates to almost all of them.

PETROLEUM PRODUCTS, PETROCHEMICALS AND PLASTICS INDUSTRY

Developments

The petrochemical industry, with its activities encompassing transportation of oil and gas, refining and processing, marketing and trading of end products, extends over the midstream and downstream portions of the value chain. It will benefit from the ETP for the oil, gas and energy sector and the setting up of a Government body, the Oil Field Services Unit (OFSU) in MIDA.

Two EPPs were identified in the downstream sub-sector to improve supply of oil and gas to end users:

- creating a regional oil storage and trading hub that complements the existing infrastructure in Singapore; and
- supplying approximately 320 million standard cubic feet per day (mscfd) to meet the current unserved natural gas demand, equivalent to 16% of the total 2009 demand. This demand will be met by importing LNG through a new LNG degasification terminal.

Outlook

High inflation rate, tightened liquidity, increased interest rates and increased commodity prices will negatively impact the industry in 2011. The industry and the export market for Asia will also be affected by slower economic recovery and high unemployment rate in the USA and the EU.

PHARMACEUTICAL INDUSTRY

Developments

A total of 255 pharmaceutical companies, comprising 68 involved in the manufacturing of modern medicines and187 in traditional medicines, were licensed by the Drug Control Authority, Ministry of Health. In response to new global challenges, ASEAN leaders pursued accelerated integration of 11 priority sectors including traditional medicines and health supplement products and formed a Product Working Group, TMHS-PWG, to review regulatory frameworks.

Under 10MP, healthcare access, coverage and quality in the private and public sectors will continue to be improved. Major initiatives are the construction of hospitals including specialist hospitals (8), clinics (197) and the 1Malaysia clinics (50). The two major strategic opportunities outlined in ETP to move Malaysia up the healthcare value chain are pursuing exports in generic drugs and reinvigorating Malaysia's health travel segment.

Outlook

The industry has high growth potential in both domestic and export markets due to its strength in the production of generic drugs. It is also one of the three sub-sectors under the healthcare industry identified for further development under the NKEAs. There are also vast opportunities to capitalise on the country's diversified flora and fauna to develop resource-based and bio-generic drugs.

PROCESSED FOOD AND BEVERAGES INDUSTRY

Developments

Exports and imports of Malaysia's food and beverage products amounted to RM13.8 billion and RM12 billion respectively. The Malaysian seafood industry is largely export-oriented and encompasses production of higher value-added products as well as food supplements. At present, there are only 16 aquaculture farms certified to supply the 18 local seafood companies exporting to Europe. Malaysia can now export seafood products to Russia with the lifting of the ban at the end of 2010.

Malaysia is currently the fifth largest cocoa processor in the world and cocoa-based products such as cocoa fat, cocoa powder, cocoa paste and chocolate are exported to more than 80 countries. Total cocoa and cocoa preparation exports totalled RM3.9 billion compared with RM3.1 billion in 2009.

The Federal Agriculture Marketing Authority (FAMA) introduced the 1Malaysia Best as a symbol of recognition for the agriculture and agro-based industry to validate product safety and quality for the local and global markets. This recognition helps to increase sales of agro-based products.

Malaysia is recognised as a producer of good quality bird's nests. The main markets are the PRC, Hong Kong SAR, Chinese Taipei and Singapore. Malaysia's Swiftlet Industry Guideline (1GP) was established to provide a framework for supervising the industry in a holistic way including licensing, sampling, production and export of swiftlet bird's nests. Production of swiftlet nests is identified as one of the areas for development under the Agriculture NKEA.

Outlook

The Agriculture NKEA, through 16 EPPs and 11 business opportunities, will focus on selected sub-sectors so that the industry can double GNI contribution to RM49.1 billion by 2020. The Government has allocated an additional investment of RM16.2 billion for the period 2011-2020 to promote growth.

PALM OIL INDUSTRY

Developments

Malaysia is the world's second largest producer of palm oil and related products with total exports worth RM59.8 billion in 2010, an increase of 20.6% from 2009, attributed to higher crude palm oil prices and strong global demand. Palm oil is currently the leading edible oil traded and consumed globally with a share of 55% and 26% of total oils and fats respectively. The palm oil industry is one of the 12 NKEAs.

The full implementation of the ASEAN-China Free Trade Area (ACFTA) on 1 January 2010 has helped boost exports of palm oil and related products to the PRC. The tariff for palm oil, categorised under sensitive products, has been reduced to 9% effective 1 January 2010.

The Malaysia-Chile FTA (MCFTA) also provides greater market access for palm oil. Upon the entry into force of MCFTA expected in the fourth quarter of 2011, 90.2% of tariff lines will enjoy tariff elimination, including major products such as palm oil.

A total of 28 new technologies were made available for commercialisation and adoption. The 12 technologies that were commercialised or adopted by the industry include biomass briquettes, palm-based adjuvant formulated in glyphosate isopropylamine and glyphosate monoammonium herbicides formulation.

The Malaysian Biofuel Industry Act, 2007 complements the development of palm-based biodiesel. The Act provides for mandatory blending of biofuel with petroleum diesel and licensing of activities such as production, blending, storage, transport and trade in biofuel. Utilisation of palm oil for biofuel production will help to reduce stock levels and strengthen price.

Outlook

The palm oil industry is the fourth largest contributor to the national economy and accounts for RM53 billion of GNI. It spans the entire value chain from plantation to downstream activities. The Palm Oil NKEA is designed to increase total contributions to national income by RM125 billion to reach RM178 billion by 2020. The Government will focus primarily on promoting downstream activities and supporting independent smallholders while the Palm Oil NKEA will reinforce the leading role of the private sector.

FELDA, FELCRA Berhad and RISDA will set up a consortium known as Synergy Perdana in 2011 to generate higher income and returns through joint-venture agriculture projects. Milling and processing activities need to be expanded to generate additional income. Oil palm biomass, produced abundantly in the milling process, has multiple applications such as wood substitute products, animal feed, pulp, paper and bioenergy.

RUBBER PRODUCTS INDUSTRY

Developments

World rubber production and consumption consists of 44.3% natural rubber and 55.7% synthetic rubber. Malaysia is currently the third largest producer of natural rubber, the ninth largest consumer of all types of rubber and the fifth largest consumer of natural rubber in the world.

The leading supplier of rubber examination and surgical gloves, Malaysia supplies 50% of the world's demand. It is also a global exporter of higher value-added rubber and rubber products such as automotive components, beltings and hoses.

As a member of the World Forum for Harmonisation of Vehicle Regulations (WP29) Working Group, Malaysia is required to implement mandatory standards on tyres. Beginning 1 January 2010, the Ministry of Transport (MOT) enforced mandatory standards on new tyres as gazetted under the Fourth Schedule, Part II, Customs Order (Prohibition of Imports) 2009 that requires either one or any combination of the following standards:

- E Mark (United Nations Economic Commission for Europe); or
- DOT (Federal Motor Vehicle Safety Standard-FMVSS USA); or
- MS Standard (Malaysia).

The Government also enforced an Import Permit (AP) requirement for used tyres beginning 1 January 2010 on six tariff codes: 4012.11.000, 4012.12.000, 4012.19.900, 4012.20.100, 4012.20.200 and 4012.20.990. This is aimed at prohibiting the influx of sub-standard and cheap used tyres from foreign sources, which will affect the retreader market share and jeopardise the safety of road users.

Outlook

Rubber prices are expected to reach new historic highs in 2011 due to tight supply, speculation in rubber futures, Thailand's imposition of a new cess effective 1 October 2010 and dwindling stocks in major producing and consuming countries.

Natural rubber prices are expected to remain firm in 2011 supported by bullish fundamentals. Investors are optimistic about global economic recovery and growth in industrial commodity demand. This outlook is supported by the Association of Natural Rubber Producing Countries (ANRPC), which has stated that supply in 2011 is likely to rise by 5.3% to 9.918 million tonnes.

OUTLOOK FOR THE MANUFACTURING SECTOR

The overall performance of the manufacturing sector improved significantly in 2010 compared with 2009. The growth was led by an increase in external demand supported by the robust performance of domestic-oriented industries. The growth momentum is expected to continue into 2011 in tandem with better economic conditions worldwide. Export-oriented industries are forecast to grow further as a result of increasing regional trading activities. Local consumption is also expected to increase significantly in 2011 which will benefit domestic-oriented industries.

The E&E sector will continue to lead growth in 2011 as the demand from traditional markets increases following recovery of the global economy. Global spending on electronic gadgets will continue to expand and this will contribute to increased demand for semiconductors.

The demand for M&E products is expected to grow due to maintenance and replacement of M&E equipment in the manufacturing sector. M&E performance is also projected to increase as the manufacturing sector reactivates expansion projects postponed during the economic downturn.

Chemicals and chemical products are projected to grow in 2011 following the overall recovery in the manufacturing activity in 2010. Basic chemicals are widely consumed in the manufacturing process.

Prospects for the pharmaceutical industry remain positive for 2011. The Government's initiative in promoting health tourism and increasing awareness of the benefits of a healthy lifestyle, globally and locally, will further spur the growth of the pharmaceutical industry.

The automotive industry is expected to continue with its positive performance. With improved economic conditions backed by an improved financial situation, customers are expected to spend more on new vehicles. This sector is also expected to see growth in sales of hybrid cars in tandem with increasing awareness of green technology and alternative energy.

The iron and steel industry is projected to perform well in 2011 in view of increasing global demand and the anticipated growth in construction activities as well as the implementation of NKEAs and 10MP projects.

Palm oil and rubber industries will continue to perform well following recent commodity price increases. Higher demand from both external and domestic markets will lead to increase in exports in 2011. Despite negative campaigns against the palm oil industry, the demand from the PRC, India and Pakistan will spur growth in the coming years. Rising awareness of hygiene and new, strict healthcare regulations will further increase the demand for rubber gloves. The rubber tyres and tubes segment will continue to perform strongly due to growth in the automotive industry.

The manufacturing sector is projected to expand in 2011 as a result of higher investment and increased consumption. Growth in the economies of major export destinations for Malaysian products, especially ASEAN Member countries, the PRC, the USA and the EU, will raise demand. The overall prospects for the manufacturing sector in 2011 are positive.

DEVELOPMENTS IN THE HALAL INDUSTRY

The global halal market, currently valued at approximately US$2.1 trillion, offers many opportunities for Malaysian halal entrepreneurs. Malaysia has gained global recognition for its expertise and experience in certification and development of halal standards, thus providing a benchmark for countries wishing to excel in the global halal market.

The Halal Industry Master Plan outlines strategies for developing Malaysia into a Global Halal Hub and accelerating growth of the industry.

Programmes undertaken in 2010 included:

i. Investment Drive

- Collaborative efforts with State Governments and agencies to coordinate development of Halal Parks to attract foreign and direct domestic investments. Nine Halal Parks in different parts of Malaysia are in operation, six of which have 'HALMAS' accreditation awarded by the Halal Industry Development Corporation (HDC) to signify compliance with the Halal Park Development Guidelines. A total of 80 projects, with investments valued at RM4.696 billion and expected to generate 1,500 employment opportunities, were received for approval.

ii. Industry Development

- Halal Champion Awards and Halal Roadshow to recognise efforts of local entrepreneurs and provide a platform to showcase products and services to multinational companies;
- Halal Excellence Dialogue to develop existing markets and enhance business opportunities and market expansion in the Middle East;
- Establish strategic alliances with emerging and potential markets globally; and
- Halal SME Monitoring Programme to enhance the capacity and capability development of potential SMEs to be competent suppliers to MNCs for halal products and services and to penetrate the global market.

iii. Halal Integrity Know-how

- the 'Malaysia Exporters of Halal Products and Services 2010-2011 Directory' assists international buyers seeking certified halal producers and service providers;
- the 'Halal Guide Book' published in collaboration with MATRADE and Malaysia Department of Islamic Development (JAKIM) provides operation guidelines for food producers and manufacturers;
- the HDC Web Portal, the two HDC i-Kiosks located at local and international hypermarkets, Halal Knowledge Centres and iphone applications provide global users with halal information; and
- Malaysian Halal Standards, expanded to cover Halal Logistics, have been adopted by Kontena Nasional, Malaysia Integrated Logistics and Nippon Express.

iv. Branding and Promotion

- Halal Awareness Tour to Peninsular and East Malaysia;
- 1Malaysia Departmental Store Halal Campaign;
- the 3rd World Halal Research Summit 2010;
- The Malaysia International Halal Showcase (MIHAS);
- Kuala Lumpur Islamic Financial Forum (KLIFF);
- World Islamic Economic Forum (WIEF);
- Malaysia Agriculture, Horticulture and Agrotourism Show (MAHA);
- Dubai Gulfood, Groom Big, Thailand Trade Fair; and
- SME Bank - *Ekspo Usahawan*.

Promotional activities including print and TV advertising, direct mailing, trade brochures, billboards, media briefings and product launches, achieved a public relations value of RM8 million.

The development of the halal industry is focused on building a halal eco-system, which is expected to generate extensive returns and turn Malaysia into a Global Halal Hub.

DEVELOPMENT OF STANDARDS

As at 31 December 2010, a total of 6,260 Malaysian Standards (MS) had been developed:

- 3,759 standards are aligned with international standards (60.1% of the total MS developed); and
- 328 standards have been made mandatory (5.30% of the total MS developed).

The identification of products that will be made mandatory was undertaken by four task forces under the Committee on Mandatory Industrial Standards (CMIS) namely building materials, machinery and equipment, automotive parts and components, and wire and cable.

INITIATIVES TO PROMOTE INFORMATION AND COMMUNICATION TECHNOLOGY FOR TRADE FACILITATION

ASEAN Single Window (ASW)

An initiative to further facilitate trade among ASEAN members, ASW will serve as an environment where the National Single Windows (NSWs) of ASEAN member countries will operate and integrate electronically.

Two documents have been identified to be exchanged electronically through ASW:

- ASEAN Trade In Goods Agreement (ATIGA) Form D Preferential Certificate of Origin; and
- ASEAN Customs Declaration Document (ACDD), which contains common Customs data elements for ASEAN Member States (AMS).

ASW Pilot Project

Work has begun on the implementation of the ASW Pilot Study which will be carried out in three components:

- Component 1: study on most feasible network architecture;
- Component 2: set up network infrastructure including software and hardware; and
- Component 3: evaluate outcome of the Pilot Project.

In June 2010, a consultant was engaged to carry out Component 1. On completion of the study, the technical infrastructure agreed on will be set up and tested under Component 2 with completion targeted for 2012.

Malaysia–Indonesia-Philippines Technical Feasibility Initiative on Electronic Exchange of ATIGA Form D

Malaysia is participating in a technical feasibility initiative to electronically exchange ATIGA Form D with Indonesia and the Philippines. This is to test the technical feasibility and viability of long term exchange of large volumes of data among ASEAN Member States. Malaysia, Indonesia and the Philippines have been exchanging live data since 2009. Brunei Darussalam began exchanging test data with Malaysia and Indonesia in 2010 and will begin live exchange once its domestic system is fully operational in 2011.

National Single Window Business Process Reengineering (NSW BPR)

NSW BPR studies business processes of stakeholders involved in NSW in order to develop an overall process flow for the whole value chain. It formulates and recommends re-engineering of processes appropriate for both the NSW and the electronics paperless environment.

A total of 18 import/export process flows for nine types of import/export activities at Port Klang were streamlined and finalised including Full Container Load (FCL) for Import and Export, Lesser Container Load (LCL) for Import and Export, Transshipment, and Free Zone form (ZB) for Import and Export. All finalised process flows are posted on MITI's portal. MITI will be engaging with all port authorities regarding adoption of these 18 process flows to achieve standardisation.

HUMAN RESOURCE AND SKILLS DEVELOPMENT

Employment Opportunities

A total of 910 manufacturing sector projects worth RM47.18 billion are expected to create 97,319 employment opportunities, of which 74% are in the managerial, technical and skilled worker categories. The E&E products sub-sector requires the highest number of managerial, technical and skilled workers (34%), followed by the transport equipment sub-sector (14%) and basic metal products sub-sector (7%).

Potential Workforce 2010

Out of a total of 101,788 trainees who received *Sijil Kemahiran Malaysia* (Malaysian Skills Certificate), 43,124 were trained in courses related to the manufacturing sector. From a total of 206,631 graduates from institutions of higher learning, 60,029 graduated with technical qualifications.

Skills Enhancement

- Training Matching Grant Under the Pre-Packaged Incentives: RM43 million was disbursed by MIDA to companies for training local employees.
- Human Resource Development Fund (HRDF): RM319.67 million was disbursed to train 627,375 employees.
- National Dual Training System (NDTS): 46 companies provided training for a total of 1,293 local employees.
- Ministry of Higher Education (MOHE) Internship Programmes: the University Strategic Enhancement Plan for Industry/Community Collaboration and *Dasar Latihan Industri.*

National Minimum Wage

The establishment of the National Wage Consultation Council (NWCC) was announced in the 2011 Budget to introduce a minimum wage in Malaysia. The National Minimum Wage is expected to:

- increase the standard of living of the poorest and the most vulnerable groups;
- boost private consumption by increasing disposable income;
- reduce the need for Government social welfare programmes and dependency on foreign labour;
- compel industries to invest in innovation/modernisation/automation to move up the value chain; and
- increase productivity.

RESEARCH AND DEVELOPMENT (R&D)

According to the International Institute for Management Development (IMD) World Competitiveness Yearbook 2010, Malaysia's Gross Expenditure on R&D (GERD) in 2008 was US$1.59 billion (0.72%) of GDP. Malaysia ranked 42 out of the 58 countries surveyed. Malaysia's GERD in 2008 was determined in the light of prevailing economic conditions. In 2010, as a Government initiative to enhance R&D activities, RM58 million was disbursed to manufacturing companies as R&D matching grant under pre-packaged incentives.

AUTOMATION

The main benefits of the Soft Loan Scheme for Automation and Modernisation (SLSAM) introduced under the Ninth Malaysia Plan (9MP) are an increase in productivity and sales turnover, an improvement in quality of product and a reduction on wastage. A total of 89 SLSAM applications valued at RM187.8 million have been approved, and RM128 million of the approved funding has been fully disbursed. The success of SLSAM has led to this fund being extended under 10MP with an initial allocation of RM100 million for the rolling period of 2011-2012.

UTILITIES

Natural Gas

A total of 2,077 million standard cubic feet per day (mmscfd) of natural gas was supplied. The non-power sector received a total of 814 mmscfd, comprising 488 mmscfd from PETRONAS (for usage over 2 mmscfd) and 326 mmscfd from Gas Malaysia Sdn. Bhd. (for usage less than 2 mmscfd). The power sector received 1,124 mmscfd.

Government measures to address shortage of supply to the non-power sector include diverting 100 mmscfd from the power sector until the PETRONAS Liquefied Natural Gas (LNG) Terminal starts operation in August 2012, and increasing the import of gas from various sources. Industries are encouraged to acquire alternative energy sources and practise energy efficiency to address the gas shortage problem.

INFRASTRUCTURE FUND

The Government allocated RM337.78 million under 9MP to upgrade basic facilities in industrial parks. As at 31 December 2010, RM296.34 million had been spent on 506 projects.

ENVIRONMENT

Actions to promote green technology and mitigate climate change:

- finalised the Terms of Reference, Strategic Thrust, Action Plan for Working Committee on Green Technology and Climate Change (Industry);
- organised Green Technology Seminars for SMEs;
- highlighted the need for companies to comply with environmentally-friendly standards during the Conference on Border Carbon Adjustments;
- witnessed the signing of a Cooperation Agreement (CA) for the establishment of a Renewable Energy Centre of Excellence (RECOE);
- reviewed foreign equity limit of 49% on Green Technology Financial Scheme (GTFS); and
- collaborated with Ministry of Energy, Green Technology and Water (KeTTHA) to organise International Greentech & Eco Products Exhibition & Conference Malaysia 2010 (IGEM 2010).

Box Article 4.1: Electrical and Electronics National Key Economic Area (E&E NKEA)

Under the five sub-sectors of E&E NKEA, 15 EPPs have been identified for implementation in four geographic clusters: Northern Corridor, Greater Kuala Lumpur/Klang Valley, Johor and Sarawak.

No	Entry Point Projects (EPPs)	Impact	
		GNI (RM billion)	Employment Opportunities
	Semiconductors:	11.0	13,011
1	Executing a smart follower strategy for mature technology semiconductor fabrication plants		
2	Developing assembly and test using advanced packaging technology		
3	Developing integrated circuit design firms		
4	Supporting the growth of substrate manufacturers and related industries		
	Solar:	14.2	57,344
5	Increasing the number of silicon producers		
6	Growing wafer and cell producers		
7	Increasing module producers		
	Light Emitting Diodes:	5.2	13,843
8	Developing LED front-end operations		
9	Expanding LED packaging		
10	Creating local SSL champions		
	Industrial Electronics:		
11	Building a test and measurement hub	1.4	7,468
12	Expanding Wireless Communication and RFID	1.8	4,400
13	Growing automation equipment manufacturing	0.1	1,200
14	Building transmission and distribution companies	0.4	426
	Electrical Home Appliances:		
15	Building a home appliance manufacturing hub and international distribution network	1.1	17,993

Source: PEMANDU

The multiplier effect from the 15 EPPs will also introduce four Business Opportunities (BO).

No	Business Opportunities (BOs)	Impact	
		GNI (RM billion)	Employment Opportunities
1	Industries supporting fabrication plants, bump and sort companies and substrate companies	1.0	24,664
2	LED applications for medical devices, automotive industry, signal and display signboards and, aerospace and defense industry	0.7	5,040
3	Radio frequency identification application projects	0.05	229
4	Solar upstream development business opportunities	2.5	11,500

Source: PEMANDU

Total cumulative funding requirement from 2010 to 2020 is RM78.4 billion, of which RM66.7 billion (85%) will be used for these EPPs. Of the total funding, 60% will be invested from 2010 to 2013, with the remaining 40% to be invested from 2014 to 2020. For EPPs, funding will comprise 88% private and 12% public.

Box Article 4.2: Melaka Halal Hub

Halal parks are specialised economic zones where infrastructure, incentives and support services are readily available for potential investors. Six halal parks have received Halal Malaysia or 'HALMAS' accreditation as endorsement of the quality of halal products and the integrity of the park operators. With the 'HALMAS' status, the operators are able to apply for the halal incentives.

One of the successful halal parks is Melaka Halal Hub with a total investment of RM121.85 million. Extending over 134.68 acres, Melaka Halal Hub houses 30 manufacturers producing Malaysian halal certified products and services. Among the manufacturers are HPA Industries Sdn Bhd, Excellent Progressive Enterprise and Kewpie Malaysia Sdn. Bhd. whose business activities encompass food, healthcare, herbs and cosmetics.

Annex 1: Industrial Production Index (IPI), Sales and Employment for the Manufacturing Sector

Sector	IPI (2005=100)		Change (%)	Sales (RM billion)		Change (%)	Employment (Persons)		Change (%)
	2010	2009		2010	2009		2010	2009	
Electrical & Electronics	**95.3**	**82.3**	**15.8**	**166.8**	**160.6**	**3.8**	**330,020**	**308,409**	**7.0**
Selected Sub-sectors:									
- semiconductor and electronic components	101.2	85.8	17.9	69.4	70.2	-1.1	152,587	142,866	6.8
- wire and cable	140.9	85.2	65.4	11.3	8.7	30	13,412	12,678	5.8
- TV and radio	109.7	70.0	56.7	43.1	35.4	21.7	67,385	60,799	10.8
Transport Equipment	**132.3**	**102.0**	**29.7**	**36.3**	**25.3**	**43.9**	**66,270**	**62,624**	**5.8**
Selected Sub-sectors:									
- motor vehicles	100.2	86.5	15.8	20.5	13.8	48.6	24,513	23,403	4.7
- motorcycles	122.8	137.0	-10.4	2.8	2.5	13.0	6,193	5,927	4.5
- parts/components	161.5	134.3	20.3	6.7	5.7	16.5	22,525	22,921	-1.7
Chemicals and Chemical Products	**115.9**	**110.9**	**4.5**	**170.7**	**144.0**	**18.6**	**116,819**	**116,696**	**0.1**
Selected Sub-sectors:									
- petroleum, plastics products	115.1	116.3	-1.0	128.8	108.4	18.8	84,289	84,485	-0.2
- basic industrial chemicals	117.5	101.5	15.8	40.7	34.4	18.4	26,680	26,509	0.6
Pharmaceutical products	**105.3**	**116.5**	**-9.6**	**1.19**	**1.18**	**0.3**	**5,850**	**5,702**	**2.6**
Medical Devices									
Selected Sub-sector									
- manufacture of medical and surgical equipment and orthopaedic appliances	167.7	168.1	-0.2	1.4	1.2	10.7	7,249	6,803	6.6
Metals	**140.5**	**119.9**	**17.2**	**38.1**	**32.8**	**16.1**	**72,714**	**69,730**	**4.3**
Selected Sub-sectors:									
- ferrous metals	100.6	79.4	26.7	19.6	16.4	19.7	17,825	17,541	1.6
- non-ferrous	131.3	115.9	13.3	5.9	4.2	40.0	7,040	5,858	20.2
- fabricated metal	166.3	144.6	15.0	12.5	12.2	2.8	47,849	46,331	3.3
Machinery and Equipment	**135.8**	**97.7**	**39.0**	**8.0**	**6.2**	**29.1**	**15,998**	**12,671**	**26.3**
Selected Sub-sectors:									
- pumps, compressors, taps and valves	69.2	58.1	19.1	0.9	1.0	-4.5	1,790	1,585	12.9
- air-conditioning, refrigerating and ventilating machinery	154.6	115.0	34.4	4.3	3.4	25.5	6,274	5,080	23.5
- machine tools	154.7	96.7	60.0	2.7	1.7	59.3	7,358	5,270	39.6
Textiles & Apparel	**85.2**	**81.6**	**4.4**	**6.97**	**6.98**	**-0.2**	**44,014**	**47,390**	**-7.1**
Selected Sub-sectors:									
- textiles	83.2	79.6	4.5	4.5	4.3	4.8	15,320	16,605	-7.7
- apparel	87.5	84.0	4.2	2.4	2.7	8.3	28,694	30,785	-6.8
Wood & Wood Products	**90.9**	**81.7**	**11.3**	**19.3**	**18.5**	**4.2**	**108,916**	**103,470**	**5.3**
Selected Sub-sectors:									
- wood products	84.9	76.0	11.7	12.8	12.6	1.4	87,967	84,106	4.6
- paper products	112.0	101.9	9.9	6.6	5.9	10.3	20,949	19,364	8.2
Rubber	**150.2**	**124.3**	**20.8**	**13.6**	**11.7**	**16.2**	**61,278**	**56,476**	**8.5**
Selected Sub-sectors:									
- latex-based and general rubber products	187.7	144.3	30.1	3.7	3.5	7.6	20,538	18,945	8.4
- rubber gloves	142.2	126.2	12.7	7.8	6.4	21.1	34,590	31,814	8.7
Non-Metallic Minerals	**121.7**	**99.3**	**22.6**	**13.3**	**12.8**	**3.6**	**36,779**	**34,164**	**7.7**
Selected Sub-sectors:									
- glass & glass products	133.0	95.4	39.4	2.9	2.6	8.7	7,136	6,984	2.2
- hydraulic cement	124.0	123.8	0.2	4.42	4.36	1.4	3,334	3,335	-0.02
- ceramic products	170.6	87.3	95.4	2.1	2.3	-9.2	14,449	13,278	8.8
Food & Beverages	**141.2**	**127.1**	**11.1**	**25.8**	**22.8**	**12.9**	**45,764**	**43,080**	**6.2**
Selected Sub-sectors:									
- processed food	137.5	132.2	4.0	23.9	21.4	12.2	42,921	39,959	7.4
- beverages	150.4	114.5	31.4	1.8	1.5	24.4	2,843	3,121	-8.9

Source: DOSM

Annex 2: Trade Performance of the Manufacturing Sector

Sector	2010				2009				Annual Change (%)	
	Exports RM bil.	Share (%)	Imports RM bil.	Share (%)	Exports RM bil.	Share (%)	Imports RM bil.	Share (%)	Exports	Imports
Total Exports of Manufactured Goods	**461.0**	**72.1**	**-**	**-**	**413.0**	**74.7**	**-**	**-**	**11.6**	**-**
Total Imports of Manufactured Goods	**-**	**-**	**430.5**	**81.3**	**-**	**-**	**359.0**	**82.6**	**-**	**19.9**
Electrical & Electronics	**249.8**	**39.1**	**189.1**	**35.7**	**230.1**	**41.6**	**159.8**	**36.8**	**8.6**	**18.4**
Selected Sub-sectors:										
- telecommunication and sound-producing equipment	43.3	9.4	22.6	5.2	36.0	8.7	18.3	5.1	20.1	23.5
- electrical machinery, apparatus & appliances and parts	131.3	28.5	137.7	32.0	118.6	28.7	109.8	30.6	10.8	25.4
Automotive & Equipment	**9.5**	**1.5**	**28.5**	**5.4**	**9.7**	**1.8**	**24.3**	**5.6**	**-1.9**	**17.1**
Selected Sub-sectors:										
- motor vehicles	0.7	0.2	8.1	1.9	0.5	0.1	5.5	1.5	46.0	45.3
- motorcycles	1.2	0.2	1.0	0.2	1.1	0.2	0.9	0.2	12.6	16.3
- parts/components	2.6	0.4	5.5	1.3	2.0	0.4	4.4	1.2	29.6	23.5
Chemicals and Chemical Products										
Selected Sub-sectors:										
- petrochemical, plastics products	41.5	6.5	34.9	6.6	33.1	6.0	21.9	5.0	25.4	59.4
- basic industrial chemicals	29.4	4.6	30.9	5.8	23.9	4.3	24.8	5.7	23.0	24.6
Pharmaceutical products	**0.5**	**0.1**	**0.96**	**0.2**	**0.4**	**0.1**	**0.99**	**0.3**	**34.7**	**-3.6**
Medical Devices	**12.2**	1.9	2.2	0.4	10.0	1.8	2.6	0.6	22.0	-15.4
Selected Sub-sectors:										
- surgical and examination gloves	8.9	1.4	0.2	0.0	7.1	1.3	0.2	0.0	25.4	-
- catheters, syringes, needles and sutures	1.1	0.2	0.3	0.1	1.0	0.2	0.2	0.0	10.0	50.0
- electromedical equipment	0.3	0.05	0.3	0.06	0.2	0.04	0.3	0.07	50.0	-
Metals	**26.8**	**4.2**	**50.4**	**9.5**	**23.3**	**4.2**	**39.6**	**9.1**	**15.0**	**27.3**
Selected Sub-sectors:										
- ferrous metals	8.8	1.3	22.0	4.0	9.0	1.6	18.4	4.1	-2.2	19.6
- non-ferrous	8.0	1.7	18.1	4.2	5.5	1.3	12.5	3.5	45.7	44.8
- fabricated metal	10.0	2.2	10.3	2.4	8.8	2.1	8.7	2.1	13.7	18.1
Machinery & Equipment	**21.5**	**3.4**	**44.0**	**8.3**	**18.9**	**3.4**	**38.3**	**8.8**	**13.7**	**14.9**
Selected Sub-sectors:										
- pumps, compressors, taps and valves	3.1	0.5	6.8	1.3	2.9	0.5	6.4	1.5	6.9	6.2
- air-conditioning, refrigerating and ventilating machinery	4.7	0.7	2.7	0.5	4.5	0.8	2.7	0.6	4.4	0.0
- machine tools	1.2	0.2	4.6	0.9	1.0	0.2	3.0	0.7	20.0	53.3
Textiles & Apparel	**9.4**	**1.5**	**5.2**	**1.0**	**9.0**	**1.6**	**4.5**	**1.0**	**4.4**	**15.6**
Selected Sub-sectors:									1	
- textiles	5.8	1.2	4.1	0.9	5.1	1.2	3.4	1.0	3.6	15.6
- apparel	3.6	0.8	1.1	0.2	3.9	0.9	1.0	0.3	-7.7	4.8
Wood & Wood Products	**17.9**	**2.8**	**8.1**	**1.5**	**17.0**	**3.1**	**6.7**	**1.5**	**5.8**	**20.5**
Selected Sub-sectors:										
- wood products	14.8	2.3	1.4	0.3	14.2	2.6	1.1	0.3	4.8	21.6
- paper products	3.1	0.5	6.7	1.3	2.8	0.5	5.5	1.3	10.8	20.3
Rubber	**16.0**	**2.5**	**4.4**	**0.8**	**12.5**	**2.3**	**3.3**	**0.8**	**28.4**	**33.5**
Selected Sub-sectors:										
- latex-based and general rubber products	7.1	1.1	4.2	0.8	5.4	1.0	3.1	0.7	31.5	35.5
- rubber gloves	8.9	1.9	0.2	0.0	7.1	1.3	0.2	0.0	24.8	12.2
Non-Metallic Minerals	**5.0**	**0.8**	**4.8**	**0.9**	**5.2**	**0.9**	**3.9**	**0.9**	**-4.9**	**20.3**
Selected Sub-sectors:										
- glass & glass products	2.4	0.5	2.4	0.6	2.5	0.6	2.0	0.5	-5.1	21.4
- hydraulic cement	0.9	0.1	0.6	0.1	1.2	0.2	0.5	0.1	-25.0	20.0
- ceramic products	0.6	0.1	0.5	0.1	0.6	0.1	0.3	0.1	3.6	54.9
Food & Beverages	**13.8**	**2.2**	**12.0**	**2.3**	**12.1**	**2.2**	**10.0**	**2.3**	**14.0**	**20.0**
Selected Sub-sectors:										
- processed food	12.0	1.9	10.8	2.0	10.7	1.9	9.0	2.1	11.6	20.2
- beverages	1.8	0.3	1.2	0.2	1.4	0.3	1.0	0.2	28.6	20.0
Palm Oil	59.8	9.4	5.7	1.1	49.6	9.0	3.7	0.9	20.6	54.1

Source: DOSM

CHAPTER 5

PERFORMANCE OF THE SERVICES SECTOR

- *Services contributed 57.4% to GDP, targeted to contribute 61% to GDP by end of 10MP*
- *Services-related EPPs to generate incremental GNI of RM549.4 billion*
- *RM36.74 billion total investments for 3,281 projects approved and 53,435 job opportunities created*

OVERVIEW

As a prime growth engine for the Malaysian economy, the services sector is targeted to contribute 61% to GDP by the end of 10MP. Contribution from services (including Government services) to GDP was 57.4 % in 2010, with a total investment of RM36.74 billion. The value of trade in non-governmental services was RM207.4 billion.

POLICY INITIATIVES

The Government has announced several national plans that emphasise the importance of accelerating development in the services sector. For instance, eight out of 12 NKEAs are directly related to services. There are 82 EPPs identified for these eight sectors which will spur the development of the services industry. It is projected that services-related EPPs will generate incremental GNI of more than RM549.4 billion by 2020.

Improvements by the Special Task Force to Facilitate Business (PEMUDAH), ranging from business start-ups to closing of business processes, create a better and more attractive business environment. New policy measures such as removal of the age limit for expatriates and automatic approval for expatriates with salaries of at least RM8,000 a month greatly benefit this sector especially those services highly dependent on movement of personnel such as IT, consultancy and education.

MITI is continuing efforts with other Ministries to accelerate the unilateral liberalisation of the services industry in line with the goals of the New Economic Model (NEM). MITI coordinates this initiative especially in the area of relaxation of foreign equity restrictions, which is being undertaken in tandem with the development of the sector.

To support the liberalisation initiative, relevant Ministries and agencies will review current domestic regulations and identify capacity-building programmes, particularly for service-related SMEs, to prepare for the challenges ahead. Other activities include promotional programmes for investment in and export of identified sub-sectors, and strengthening the database of services sub-sectors.

OVERALL PERFORMANCE

The services sector continued to be the largest contributor to GDP at 57.4% share, with non-government services and Government services contributing 49.8% and 7.6% to GDP respectively. Value-added increased by 6.8% to RM320.6 billion.

The wholesale, retail trade and motor vehicle sub-sector was the largest contributor to GDP with 13.4% share followed by finance and insurance (11.6%), real estate and business services (5.5%), and communication (4.2%). The communication sub-sector recorded the highest increase in value-added of 8.5% followed by utilities sub-sector (8.2%) and wholesale, retail trade and motor vehicle sub-sector (7.9%).

Trade in services (excluding Government transactions) recorded a surplus of RM1.4 billion attributable to higher net receipts in the travel sub-sector. Exports and imports of services amounted to RM104.4 billion and RM103.0 billion respectively.

Investments in the services sector in 2010 totalled RM36.74 billion, comprising domestic investments of RM32.79 billion (89.2%) and foreign investments of RM3.95 billion (10.8%). A total of 3,281 projects were approved. The major investments were in real estate (17.8%), telecommunication (17.4%), transport (15.3%), energy (15.0%), and hotel and tourism (7.6%). They created 53,435 employment opportunities mainly in the hotel and tourism, information and communication technology (ICT) and distributive trade sub-sectors.

PERFORMANCE OF SELECTED STRATEGIC SERVICES SUB-SECTORS

Business and Professional Services

This is one of the fastest growing sub-sectors and its contribution to industrial development is largely driven by advancements in ICT. Under the NEM, business and professional services are recognised as an NKEA. Malaysia wants to move closer to the benchmark of developed countries, with the business services sector contributing 20% to both GDP and employment, and 14% of exports by 2020.

The business and professional services sub-sector aims to boost GNI contribution by RM59 billion to reach RM79 billion in 2020 and create an additional 246,000 employment opportunities by then.

In 2010, a total of 22 Operational Headquarters (OHQ) were approved. Total paid out capital amounted to RM1.1 billion, with proposed annual business spending of RM197.5 million. A total of 55 Regional Establishments (offices), which provide intermediate service input to the operations of MNCs and their affiliates globally, and 96 representative offices were also approved.

Distributive Trade

Wholesale and retail is one of most active sub-sectors. The distributive trade recorded RM1.7 billion in foreign investments and RM658.0 million in domestic investments in 2010. A total of 857 projects valued at RM2.4 billion were approved. Distributive trade is expected to register a growth rate of 8.3% per annum, contributing to 15.1% of GDP in 2015.

The retail trade sub-sector is undergoing structural changes to give impetus to the modernisation of the distributive trade. In line with liberalisation policies, an amended guideline on Foreign Participation in Distributive Trade Services came into effect on 12 May 2010 to enable the market to attract more foreign investments and encourage consolidation among local retailers to boost efficiency and economies of scale.

Construction Services

The 10MP will have a high impact on the Malaysian construction sub-sector which is expected to grow 3.7% annually. Since 1986, Malaysian companies have been awarded 609 projects in 49 countries worth RM84.60 billion. The focus of overseas projects is mainly on infrastructure works such as roads and highways, railways, bridges, oil and gas and building works.

Education Services

A total of 327 projects for educational institutions were approved. Domestic investments amounted to RM2.34 billion and 1,933 employment opportunities were created. As at 31 December 2010, a total of 62,705 foreign students were enrolled in higher educational institutions. The top four sources of foreign students were the PRC (8,046), Iran (7,009), Indonesia (6,119) and Nigeria (5,080).

Information and Communication Technology (ICT)

The Government and private sector are combining efforts to boost broadband penetration in the country through the High Speed Broadband (HSBB) which was launched in March 2010. The RM11.3 billion project is a public-private partnership (PPP) initiative between the Government and Telekom Malaysia Berhad (TM) to develop the next generation HSBB infrastructure and services for the nation.

National Broadband Initiatives (NBI) were targeted to achieve 50% household broadband penetration by the end of 2010. As of mid-October, the target had been surpassed with more than 53% household broad band penetration.

A total of 50 telecommunication projects with investments totalling RM6.38 billion were approved while 218 projects involving investments of RM1.5 billion were approved with MSC status. Domestic investments amounted to RM0.9 billion, foreign sources contributed RM0.6 billion and 12,979 employment opportunities were created.

Transport Services

A total of 54 projects with investments of RM5.63 billion were approved. Domestic investments and foreign investments amounted to RM5.56 billion and RM0.07 billion respectively. Exports of transport services were valued at RM15.1 billion and imports at RM38.2 billion.

- ***Air Transport***
  Air passenger traffic rose by 17.8% to 62 million passengers with international passenger movements increasing by 33.4% to 30 million. The cargo segment increased by 14.2% to 924.1 million tonnes as a result of the recovery in global trade which led to an increase of 13% in international air cargo movements.

- ***Sea Transport***
  Total cargo handling by the five major ports of Klang, Pulau Pinang, Kuantan, Bintulu and Tanjung Pelepas increased by 13.8% to 444.7 million freight weight tonnes. Total container throughput in terms of volume based on twenty-footer equivalent unit (TEU) was 18 million TEUs, an increase of 15.7%.

- ***Land Transport***
  Malaysian road transport comprises mainly general cargo vehicles provided by haulier companies and trailers by registered prime movers. A total of 3,835 prime movers were registered. Keretapi Tanah Melayu Berhad (KTMB), the only rail operator handling containers, transported 238,251 TEU containers. KTMB also manages the Electric Train Service (ETS), an intercity service fully operational in August 2010 that currently links Ipoh, Kuala Lumpur and Seremban.

Healthcare Services

A total of eight healthcare institutions involving investments of RM559.9 million were approved. As an NKEA, Healthcare Services aims to raise GNI contribution to RM50 billion by 2020 and create some 181,000 new employment opportunities by attracting 1 million health travellers and conducting 1,000 clinical trials.

Tourism Services

Tourism is recognised as the fifth largest industry after oil, gas and energy, financial services, wholesale and retail, and palm oil. It recorded RM56.7 billion in exports, a 6.1% increase attributable mainly to the 4.2% increase in total tourist arrivals to 24.6 million, while imports were RM19.4 billion. A total of 50 projects, with investments valued at RM2.6 billion and creating 18,105 employment opportunities, were approved.

OUTLOOK

The services sector will continue to spearhead the growth of the economy in 2011. Value-added is anticipated to increase by 7.0% thus raising the sector's GDP contribution to 58.0%.

The sector is expected to record a trade surplus in 2011, continuing the four-year surplus trend which began in 2007. The gradual recovery of the world economy is expected to contribute to a better performance of the services sub-sectors, particularly those identified by the NKEA.

Domestic investments will continue to contribute significantly to the services sector. There is anticipation of greater foreign investor interest as a result of Government liberalisation initiatives, implementation of FTAs and improved market access provided through the ASEAN Framework Agreement on Services (AFAS).

CHAPTER

6

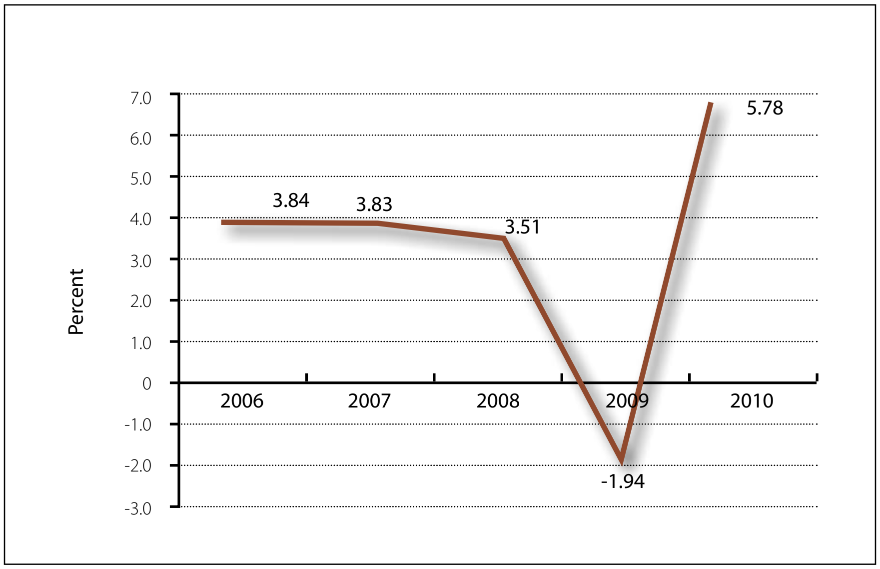
PRODUCTIVITY AND COMPETITIVENESS

- *Economic stimulus package & GTP resulted in 5.8% productivity growth*
- *Services productivity grew by 4.7% to RM50,967*
- *Manufacturing productivity expanded by 9.4% to RM54,932*

OVERVIEW

The economy registered a productivity growth of 5.78% to RM51,591 driven largely by two main economic sectors, manufacturing and services, which grew in tandem with sustained expansion in domestic demand especially in private sector spending and robust growth in external demand.

Chart 6.1: Productivity Growth 2006 – 2010



Source:
i. Economic Reports (various issues), MOF
ii. Labour Force Survey, DOSM and EPU

POLICY INITIATIVES AND MEASURES

To achieve high-income economy by 2020, companies need to focus on four important productivity levers:

- incorporating the use of technology in work processes;
- enlarging market share through globalisation;
- developing workforce by upgrading skills and adopting talent-management practices; and
- adopting good business management practices.

PRODUCTIVITY PERFORMANCE OF SELECTED SECTORS

Services sector

Productivity grew by 4.7% to RM50,967. Performance was supported by growth in communication (6.6%), real estate and business services (5.9%), transport and storage (5.7%), utilities (5.6%), and finance and insurance (4.3%). This growth is a result of positive private consumption, higher consumer demand and human capital development.

Manufacturing Sector

Productivity expanded by 9.4% to RM54,392, supported by improved domestic-oriented industries. The top four achievers were non-ferrous metal (40.0%), transport equipment (37.7%), professional and scientific equipment (28.5%), and iron and steel (23.9%).

Construction Sector

Productivity improved by 4.6% to RM23,898. This sector benefitted from increased civil engineering and non-residential construction activities attributable to speedy implementation of construction projects under 9MP.

Agriculture sector

Productivity grew by 1.8% to RM27,680 due to an increase in crude palm oil and rubber production to meet market demand. The sector also benefitted from continuous adoption of modern farming and labour-saving technology.

Mining Sector

Productivity grew 0.1% to reach RM948,181 (2009: RM946,965) due to an increase in internal and external demand for natural gas, offsetting the contraction in production of crude oil.

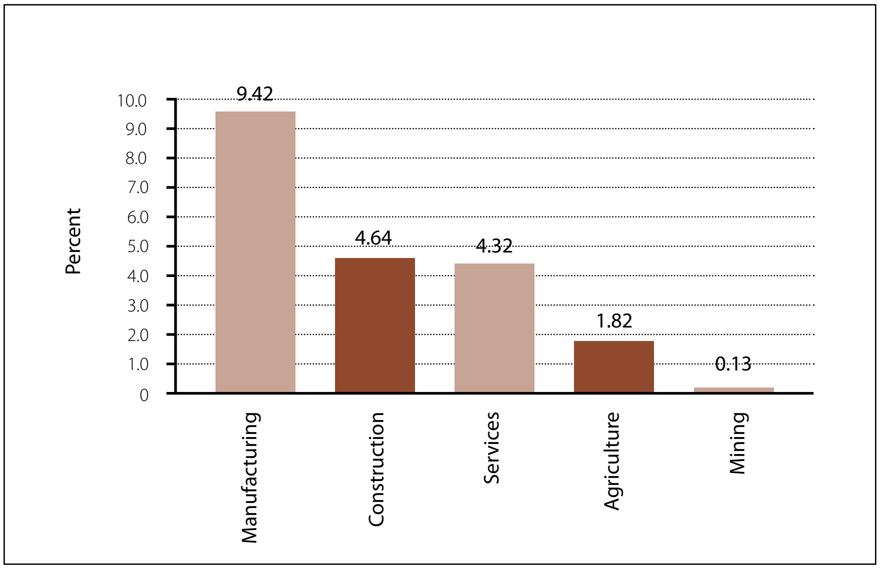


Chart 6.2: Productivity Growth of Economic Sectors in 2010

Source:
i. Economic Reports (various issues), MOF
ii. Labour Force Survey, DOSM and EPU

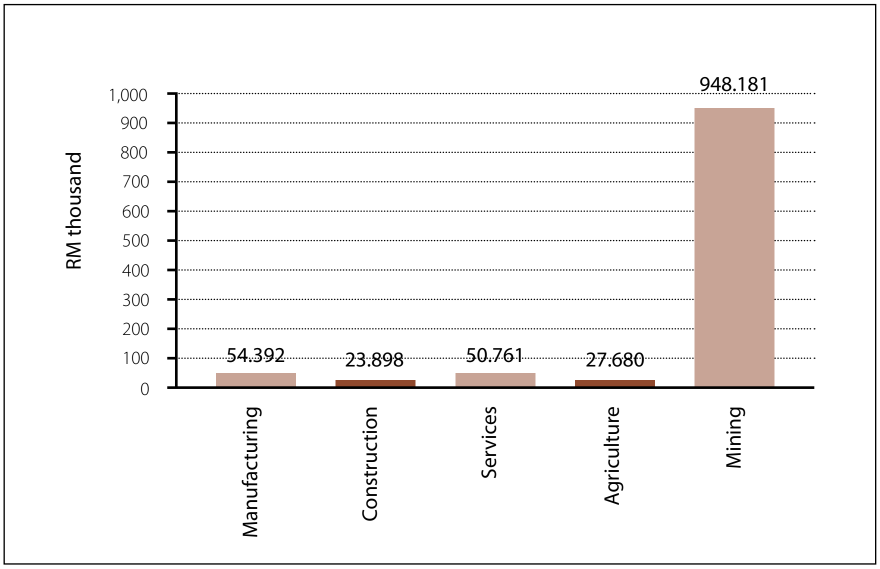


Chart 6.3: Productivity Level of Economic Sectors in 2010

Source:
i. Economic Reports (various issues), MOF
ii. Labour Force Survey, DOSM and EPU

TOTAL FACTOR PRODUCTIVITY (TFP) OF SELECTED ECONOMIC SECTORS, 2001-2010

National Performance

TFP measures the synergy and efficiency of the utilisation of capital and labour. For the period 2001-2010, the economy registered a TFP growth of 1.5% and an average GDP growth of 4.6%. TFP contributed 36.2% to GDP growth, while labour and capital contributed 26.0% and 37.7% respectively.

Table 6.1: Growth of TFP, GDP, Capital and Labour, 2001-2005 and 2006-2010

	TFP Growth (%)	GDP Growth (%)	Capital Growth (%)	Labour Growth (%)	Contribution (%)		
					TFP	Capital	Labour
2001-2010	1.52	4.63	1.75	1.36	32.90	37.73	29.37
2001-2005 (8MP)	1.39	4.70	1.77	1.53	29.66	37.77	32.58
2006-2010 (9MP)	1.65	4.56	1.72	1.19	36.24	37.70	26.06

Source: DOSM

To be competitive, the public and private sectors need to intensify productivity growth initiatives which:

- focus on higher value-added activities;
- increase investment in human capital development;
- enhance the use of technology and ICT; and
- improve management techniques and organisational effectiveness.

Sectoral Performance

The manufacturing sector registered a TFP growth of 0.9% contributing 25.4% to the output growth of 3.7%, indicating the impact of the global economic slowdown on the sector.

Table 6.2: TFP Growth of the Economic Sectors, 2001-2010

Sectors	TFP Growth (%)	Output Growth (%)	Capital Growth (%)	Labour Growth (%)	Contribution (%)		
					TFP	Capital	Labour
Services	1.58	5.71	2.05	2.08	27.7	35.9	36.4
Manufacturing	0.93	3.65	1.77	0.95	25.4	48.6	26.0
Agriculture	1.38	2.89	0.75	0.77	47.4	25.9	26.5
Construction	0.79	2.73	1.85	0.09	28.9	67.9	3.2
Mining	0.18	0.75	0.25	0.32	24.3	33.6	42.1

Source: DOSM

The services sector achieved a TFP growth of 1.6% attributable to effective management strategy and continuous investment in upgrading of technology, specifically ICT. It contributed 27.7% to the output growth of 5.7%.

The agriculture sector recorded a TFP growth of 1.38% contributing 47.4% to the sector's output. The performance was attributable to the increased value/price of palm oil and rubber products.

INTERNATIONAL PRODUCTIVITY COMPARISON

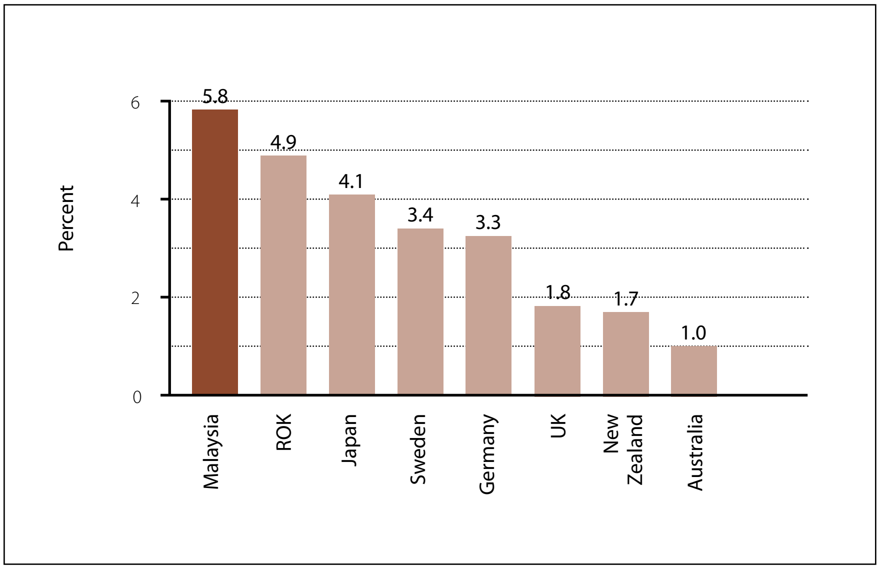
Several countries in the OECD posted positive productivity growth in 2010, due to world economic recovery. The growth ranged from 1.0% to 4.9% with an average productivity of 2.8%.

Malaysia's productivity growth of 5.8% was a result of economic stimulus packages and accommodative monetary policies as well as the implementation of Government transformation initiatives. Malaysia is deemed very competitive as the export of goods over total GDP was 82% in 2010 and the current account balance as a percentage of GDP was 16.8%. This is due to the large surplus in the current account augmented by continued surplus in the services account due to higher travel receipts.

ROK registered a productivity growth of 4.9% followed by Japan at 4.1% as a result of strong export growth attributable to increasing demand from Asian markets and the fact that the USA and European markets had gained momentum.

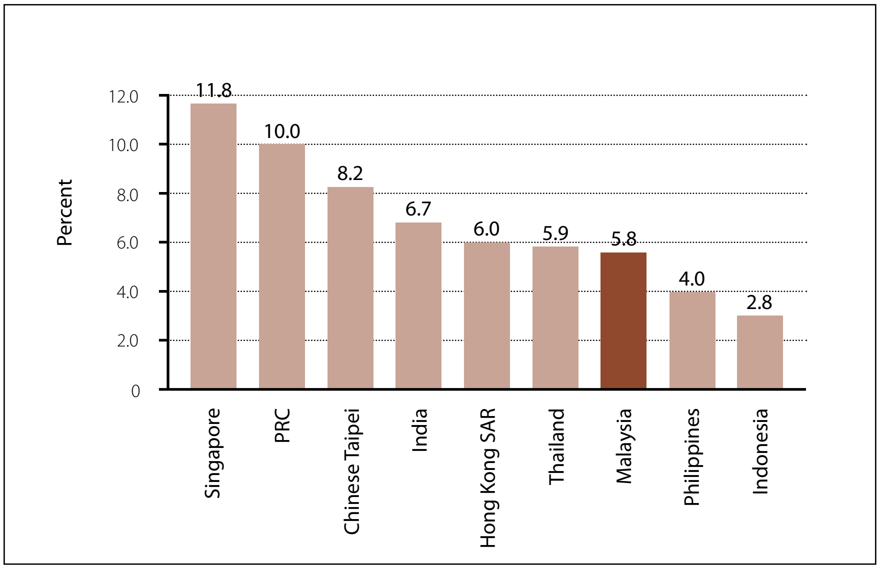
Singapore posted the highest productivity growth of 11.8% in the Asian region, followed by the PRC at 10.0% and Chinese Taipei at 8.2%.

Chart 6.4: Productivity Growth for Malaysia and Selected OECD Countries in 2010



Source:
i. Economic Reports (various issues), MOF
ii. Labour Force Survey
iii. OECD Economic Outlook, Vol. 86 Database
iv. National Account of OECD Countries, Detailed Tables, Vol. ii 2009

Chart 6.5: Productivity Growth for Malaysia and Selected Asian Countries in 2010



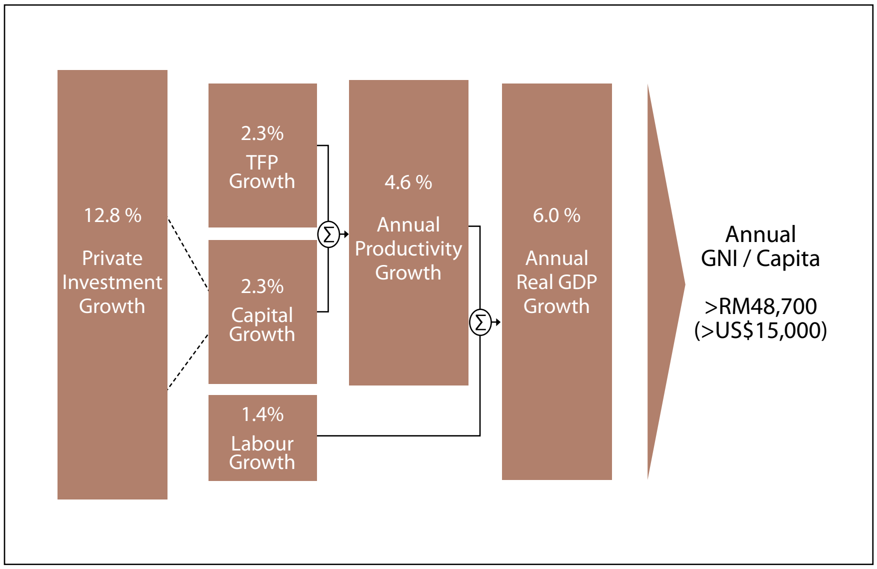
Source:
i. Economic Reports (various issues), MOF
ii. Labour Force Survey
iii. Country Data, The Economic Intelligence Unit
iv. Market Indicator and Forecast, The Economic Intelligence Unit

Table 6.3: Productivity Levels and Growth for Selected Countries in 2010

Country	Productivity (at 2000 constant prices in US$)	Productivity Growth (%)
Japan	80,307	4.1
USA	80,284	3.2
Sweden	66,020	3.4
Hong Kong SAR	63,461	6.0
UK	59,276	1.8
Singapore	54,556	11.8
Germany	51,272	3.3
Australia	50,235	1.0
Chinese Taipei	43,010	8.2
ROK	33,628	4.9
New Zealand	30,948	1.7
Malaysia	13,577	5.8
Thailand	4,854	5.9
PRC	4,087	10.0
Philippines	3,324	4.0
Indonesia	2,895	2.8
India	2,736	6.7

Source:
i. Economic Reports (various issues), MOF
ii. Labour Force Survey, DOSM and EPU

Diagram 6.1: Strategic Agenda-Growth driven by Productivity



Source: 10MP

OUTLOOK

Malaysia is expected to experience a more stable growth path for the period 2011-2015, with real GDP expected to grow at an average of 6% a year to achieve high income economy status in 2020. To achieve this, the economy requires an annual productivity and labour growth of 4.6% and 1.4% respectively, with a contribution of 2.3% each from capital growth and TFP. This growth is achievable as the export of goods and services is expected to grow by 8.6% annually.

Box Article 6.1: TQM Brings Success

Established in 1988 with paid-up capital of RM50,000, Autokeen Sdn. Bhd. commenced operations in a rented factory in Jalan 215, Petaling Jaya. It employed 30 people and had an annual sale of about RM0.6 million. Autokeen initially produced parts for Proton and was appointed first-tier vendor in 2004. It was subsequently appointed Perodua vendor. To accommodate this expansion, Autokeen moved into its own factory in Kampung Melayu Subang.

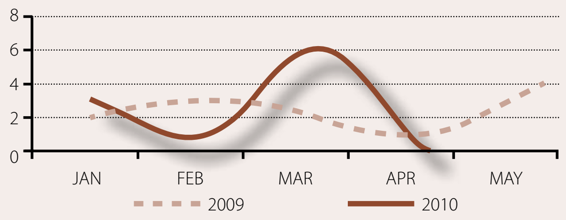
The Malaysian automotive industry is increasingly competitive and Autokeen is fully aware of this. Therefore, continuous improvement has always been a top priority with the company. It was certified ISO 9002 in 2001 and upgraded to ISO TS 16949/2002 in 2005.

In 2009, MPC selected Autokeen as a model company for the Total Quality Management (TQM) programme, which helps to instil total quality awareness. The TQM programme aims to enhance customer satisfaction through systematic methods of problem-solving and sustaining standardisation. Within a year of implementing TQM, the company was able to enjoy benefits in many areas as shown in Figure 1.

Figure 1: Benefits of TQM

Reduction in Customer Complaints

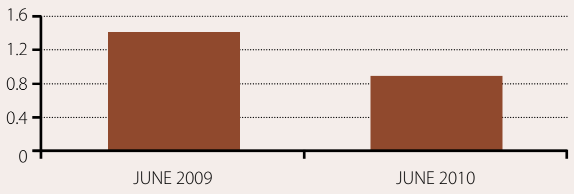
Customer Complaints (2009 and 2010)



Improvement in production scheduling and the timely build-up of inventory have increased delivery efficiency and quality. As a result, customers have responded positively to delivery performance.

Reduction in Raw Material Inventory

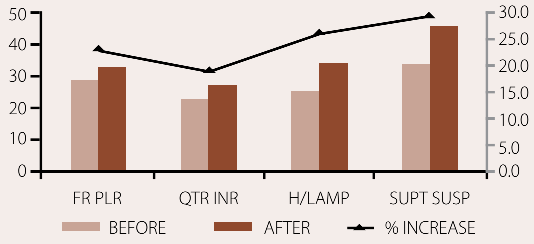
Raw Material Status (RM Million)



Reduction in inventory is due to improvement in vendor delivery scheduling and implementation of the appropriate visual of stock.

Increase in Productivity

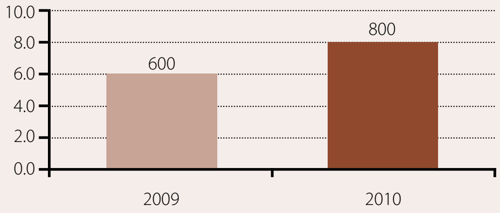
Result of Productivity Improvement For Major Products



The improvements were achieved after considering production requirement based on Production Control activity.

Increase in Workers' Satisfaction Level

Rating



Increase in workers' satisfaction is recorded after salary benefit package improvement was approved by the management.

CHAPTER

7

SMEs: PIONEERING BUSINESS TRANSFORMATION

- *SMEs identified as source of growth, employment and innovation*
- *226 programmes worth more than RM7.1 billion implemented under SMEIPA to boost growth of SMEs*
- *AEC Blueprint spurs regional (ASEAN) growth of SMEs*

OVERVIEW

SME Corporation Malaysia (SME Corp. Malaysia) began operation as the Central Coordinating Agency for SMEs beginning on 2 October, 2009. This signified the Government's commitment to give priority to the national SME development agenda by establishing a single dedicated agency to oversee policy formulation and coordinate, in a more concerted and cohesive manner, various development programmes involving more than 17 Ministries and 60 Agencies.

To ensure that SMEs are further assisted and given the impetus to enhance their competitiveness, especially in terms of international exposure and market access, SME Corp. Malaysia has intensified its efforts by introducing and implementing various capacity-building programmes, with emphasis on innovation and branding.

POLICIES ON SME DEVELOPMENT

Initiatives under 10MP

The Government has introduced various measures to transform Malaysia into a high-income nation.

Access to Financing

- Additional RM3 billion allocation for the Working Capital Guarantee Scheme (WCGS), of which RM1.5 billion will be allocated to Bumiputera entrepreneurs;
- Mudharabah Innovation Fund (MIF) to be established with a RM500 million allocation to provide risk capital in the form of equity to Government endeavour capital companies;
- Business Growth Fund to be set up with a preliminary allocation of RM150 million to bridge the financing gap between early stage commercialisation and venture capital financing for high technology products;
- Financial resources of SME Bank and Agrobank to be increased to enable them to provide effective services to SME entrepreneurs;
- Sufficient financial allocation to SME Corp. Malaysia to ensure potential SMEs receive appropriate assistance; and
- Estate workers interested in venturing into small businesses will be provided with access to *Amanah Ikhtiar Malaysia* (AIM) and *Tabung Ekonomi Kumpulan Usaha Niaga* (TEKUN) micro credit facilities. The scheme will be packaged with entrepreneurship training by National Entrepreneurial Institute (INSKEN), *Pusat Giat Mara* and *Institut Kemajuan Desa* (INFRA).

Green Lane for Procurement

- SMEs that have penetrated international markets, or have obtained domestic recognition or international awards in terms of quality and innovation, will be provided with green lane access or priority in Government and GLC procurement processes.

Skills Upgrading

- Scope of HRDF and SME Corp. Malaysia grants will be expanded to assist SMEs in training employees; and
- Allocation of RM500 million to Skills Development Fund Corporation to provide loans to employees to undergo training.

Outcome of 10th National SME Development Council (NSDC) Meeting

SME development has been on the national agenda since the establishment of NSDC in 2004. The Council has undertaken various initiatives to promote the development of competitive, innovative and resilient SMEs. The programmes are structured around three strategic thrusts: strengthening the enabling infrastructure; building capacity and capability of SMEs; and enhancing access to financing for SMEs.

The Annual SME Integrated Plan of Action (SMEIPA) is one of the key initiatives introduced by NSDC. A total of 226 programmes with a financial commitment of RM7.1billion were implemented in 2010. Most of these programmes were for capacity and capability building, followed by programmes for enhancing access to financing and for strengthening enabling infrastructure.

PERFORMANCE OF SMEs IN 2010

The 10-year data series produced by DOSM, indicate a growth trend in the performance of SMEs since 2004. From 2004 to 2009, the value-added growth of SMEs at an average annual rate of 6.3% has consistently outperformed the nation's overall GDP growth rate of 4.5%. Key factors contributing to this trend are Government policies favourable to SMEs including:

- establishment of NSDC;
- enhancement in the public delivery system through PEMUDAH;
- promotion of Visit Malaysia Year that stimulates tourism;

- modernisation of the agriculture sector; and
- acceleration of implementation of construction projects.

The SME contribution to the economy at 31.2% of GDP in 2009 is considered relatively small when compared with that of advanced economies. For 2010, the projection for value-added growth was between 8% and 8.5% while the overall economic growth was 7.2%. As a result, the share of SME contribution to GDP has increased, driven largely by strong growth in the services sector and domestic-oriented manufacturing industries.

The Second Stimulus Package

Special guarantee schemes were introduced to restore investor confidence and sustain credit flow to support private sector activity including

- SME Assistance Guarantee Scheme (SME AGS) worth RM2 billion to assist viable SMEs which were adversely impacted by the global financial crisis. The take-up was overwhelming and the allocation was fully utilised by December 2009, benefitting 9,298 SMEs in various sectors;
- Industry Restructuring Financing Guarantee Scheme (IRFGS) worth RM5 billion for SMEs to retool their activity to move up the value chain and to encourage the use of green technology. As at 31 December 2010, a total of RM1.1 billion in loans had been approved, benefitting 268 companies; and
- Working Capital Guarantee Scheme (WCGS) worth RM5 billion to provide working capital to companies with shareholder equity of below RM20 million. Due to overwhelming response, the Government decided to channel RM2 billion from IRFGS to WCGS, thus making a total of RM7 billion. As at 31 December 2010, a total of RM5.9 billion in loans had been disbursed, benefitting 5,329 companies.

CHALLENGES FACED BY SMEs

Shortage of Skilled Workforce

The mismatch between supply of labour and demand continued to be a major challenge for SMEs. The agriculture and manufacturing sectors reported a shortage of unskilled workers while the services sector experienced shortage in the semi-skilled (supervisors and technicians) and the management and executive categories.

The shortage problem is aggravated by the unwillingness of SMEs to send their staff for training due to limited manpower and the concern that workers would be poached by other companies. A total of 73 programmes were conducted for SMEs by 13 Ministries but only 16% of total SME establishments attended them.

The Government continued to enhance human capital development for SMEs, particularly through *Pembangunan Sumber Manusia Berhad* (PSMB), which has been entrusted by NSDC to oversee training and human resource development for SMEs.

Access to Financing

Access to financing continued to be an issue in certain segments, particularly start-ups, ICT, and new emerging sectors such as the creative industry and green technology industry.

To address the gaps, the Government set up special financing schemes:

- Creative Industry Fund (CIF) of RM200 million to finance activities such as film and drama productions, music, animation, advertisements and local content development; and
- Green Technology Financing Scheme (GTFS) of RM1.5 billion to promote investments in green technology.

Access to financing is an issue with micro and small enterprises which often do not have proper financial records, and are thus considered not bankable by financial institutions. To address this issue, the Government has established the Micro Enterprise Fund (MEF) to increase access to financing, and micro financing schemes are also available from Agrobank, TEKUN and AIM.

Access to Markets

The Government has undertaken various initiatives to promote access to the export market for SMEs including the Groom BIG Programme by MITI, Branding Innovation Centre (BIC) and National Mark of Malaysian Brand by SME Corp. Malaysia.

To assist SMEs explore the domestic and international markets, SME Corp. Malaysia in collaboration with Limkokwing University of Creative Technology (LUCT) has established the Branding Innovation Centre (BIC) and the Branding and Packaging Mobile Gallery to raise awareness of the importance of branding and packaging. Efforts were intensified to promote the adoption of the National Mark of Malaysian Brand as a symbol of quality, excellence and distinction for Malaysian products and services.

Adoption of Technology and Innovation

Technology and innovation are important for enhancing productivity and efficiency through reducing waste and lowering costs, which result in enhancing the profitability and viability of SMEs. However, since technology is often associated with high investment, SMEs shy away from the technology mainstream. This makes them more labour-intensive with limited automation, particularly the backyard industries which are mostly micro enterprises.

To address this issue, the Government through its agencies such as Malaysia Productivity Corporation (MPC) and SIRIM Berhad continues to promote technology adoption and innovation among SMEs. MITI through SME Corp. Malaysia has also undertaken various initiatives to promote access to technology and innovation, such as SMIDEX 2010 - SME Innovation Showcase and the 1-InnoCERT programme.

Access to Advisory Services and Information

Information on SME assistance programmes can be obtained from the One Referral Centre (ORC). SME Corp. Malaysia provides consultancy services through the SME Expert Advisory Panel (SEAP), where SMEs are provided with expert advice on technology development, productivity and quality improvement, product development, R&D, process improvement and marketing.

SME Corp. Malaysia publishes materials on SME-related initiatives including the SME Annual Report, SME Newslink and SME e-News. Information is also available on SME Corp. Malaysia's official website *www.smecorp.gov.my,* Facebook and the SME Info Portal.

DEVELOPMENT PROGRAMMES BY SME CORP. MALAYSIA

Market Access Programmes

SMIDEX 2010 – SME Innovation Showcase

The 329 business matching sessions conducted during SMIDEX 2010 - SME Innovation Showcase themed 'Pioneering Business Transformation through Innovation' resulted in potential sales valued at RM93.92 million. The negotiations involved 88 SMEs and 13 MNCs/GLCs as well as a company from ROK. A successful collaboration with banking and financial institutions facilitated access to financing and resulted in a total of RM105.75 million in loans approved for 24 SMEs by eight banks.

Industrial Linkage Programme (ILP)

ILP facilitates SMEs to become suppliers of parts, components and services to large companies, MNCs and GLCs. The main initiative of ILP is the Business Matching Sessions conducted during the SMIDEX Annual Showcase and at events held by MITI, such as *'Satu Daerah Satu Industri* Showcase (SDSI) 2010' and *'Ekspo Usahawan* Groom Big'. A total of 207 SMEs were linked with MNCs/GLCs/large companies with potential sales valued at RM106.25 million.

SME Brand Development Programme

This programme is to improve the visibility of SME products and services and it includes:

i. **National Mark of Malaysian Brand**

SME Corp. Malaysia collaborated with SIRIM QAS International Sdn. Bhd. to introduce the National Mark of Malaysian Brand that depicts quality, excellence and distinction of products and services by Malaysian companies. This effort is aimed at changing the perception that SME products are of lower quality, reliability and packaging standards compared with the big brand names. As at December 2010, a total of 15 companies out of 44 applications had been certified with the Malaysian Brand. The rest are in the auditing process.

ii. **The Branding Entrepreneurs Conference (BEC) 2010**

SME Corp. Malaysia in collaboration with the Branding Association of Malaysia (BAM) held BEC 2010 in July. H.R.H. Raja Dr. Nazrin Shah Ibni Sultan Azlan Muhibbuddin Shah, the Regent of Perak inaugurated the Conference and presented certificates to the first 14 recipients of the National Mark of Malaysian Brand.

iii. **Creating Awareness on Importance of Branding**

Workshops on Brand Manuals

Five Workshops on Brand Manuals were organised to encourage local companies to participate in the National Mark of Malaysian Brand Certification Scheme and develop their brand manuals.

Branding Innovation Centre (BIC)

BIC was launched in March with the objectives of creating awareness of the importance of branding and packaging, and providing training to SMEs. Six training sessions were conducted and 280 participants were trained.

Branding and Packaging Mobile Gallery

This is a refurbished bus outfitted with displays of packaging samples and materials that reaches out to rural SMEs to educate them through consultations, information dissemination and training on branding and packaging through a collaborative effort with SIRIM, MyIPO and FMM. The Mobile Gallery made a total of 19 trips throughout Peninsular Malaysia, benefitting 2,830 participants in various locations including Bukit Beruntung, Felda Serting Hilir 4, Seberang Perai, Baling, Ipoh, Besut, Melaka and Kubang Pasu.

Capacity Building Programmes

Skills Upgrading Programme

This programme is offered by 41 appointed Skills Development Centres (SDCs) and Professional Training Providers (PTPs). A total of 8,792 employees from 5,302 SMEs were trained between January and December 2010. Popular courses included communication, leadership, sales and marketing, branding, accounting and financial management.

SME-University Internship Programme

This programme provides an opportunity for students to apply their knowledge in the real business environment and learn best business practices. Seven universities, namely Universiti Utara Malaysia (UUM), Universiti Malaysia Kelantan (UMK), Universiti Putra Malaysia (UPM), Universiti Islam Antarabangsa Malaysia (UIAM), Universiti Tun Hussein Onn Malaysia (UTHM), Universiti Malaysia Perlis (UNiMAP) and Universiti Sains Islam Malaysia (USIM) implemented the programme involving 169 students and 37 SMEs.

The Automotive Technical Experts Assistance Programme under the Malaysia-Japan Automotive Industry Cooperation (MAJAICO A-1)

The aim of MAJAICO A-1 is to upgrade local manufacturers of automotive parts and components, especially SMEs, to higher value-added activities through capacity building under the Lean Production System (LPS). Various measurable improvements and bottom-line impacts are undertaken through weekly KAIZEN activities.

Since November 2006, a total of 83 companies have participated in MAJAICO A-1 with 192 improvement projects completed. The companies were guided and monitored by 68 Japanese industrial experts with vast experience in the automotive industry. MAJAICO A-1 is scheduled to end by June 2011.

1-Innovation Certification for Enterprise Rating and Transformation (1-InnoCERT) Programme

SMEs pursuing 1-InnoCERT Programme will be guided to implement innovation systems, processes and business models. The programme is based on a similar scheme implemented in ROK. However, the assessment criteria have been developed and fine-tuned to suit Malaysian companies. The evaluation for 1-InnoCERT Programme is based on technology innovation, technology commercialisation, technology innovation management ability and technology innovation results.

As at 31 December 2010, a total of 66 companies had been certified with 1-InnoCERT, out of which 65 are SMEs. Certified companies will be given priority in terms of assistance with financing and developmental programmes under the Green Lane Policy, which is currently under development.

SME Innovation Award

To encourage more SMEs to participate in the 1-InnoCERT Programme, SME Corp. Malaysia has introduced the prestigious SME Innovation Award which offers a RM1 million cash prize to the Top Most Innovative SME, while the winner in each of the six categories will receive RM200,000. All 1-InnoCERT-certified SMEs are eligible to participate in this Award programme.

SME Competitiveness Rating for Enhancement (SCORE)

SCORE is a diagnostic tool to evaluate and rate the competitiveness of SMEs based on company performance and capabilities in areas such as management capability, operation management, technology adoption, certification initiatives, technical capability, financial capability and marketing capability. Companies with a 0 to 2-Star rating will be provided with handholding assistance to enhance their capabilities, while SMEs with a rating of 3-Stars and above will be selected to participate in trade missions and linkage programmes. As at 31 December 2010, a total of 5,246 SMEs had been star-rated. The majority (66.3%) obtained 2-Star and below rating, followed by 29.5% with 3-Star rating and 4.2% with 4-Star rating. There were no qualifiers for 5-Star rating.

To cater for the specific needs of micro enterprises, SME Corp. Malaysia has developed an assessment tool called Micro Enterprise Competitiveness Rating for Enhancement (M-CORE). A simplified version of SCORE, M-CORE emphasises identifying the performance of micro enterprises in four areas: business performance, financial capability, operation and management. The aim is to assist SMEs in achieving a higher level of performance. As at 31 December 2010, a total of 101 micro enterprises had been evaluated under M-CORE. The majority (63.4%) were rated at Level 2, followed by 33.6% at Level 1 and 3.0% at Level 3.

PERFORMANCE OF FINANCIAL ASSISTANCE SCHEMES

Effective December 2009, the various grant schemes implemented by SME Corp. Malaysia were progressively phased out as funds were fully utilised under 9MP. SME Corp. Malaysia focused on processing all grant applications received and 5,739 out of a total of 7,551 applications were approved. The grants amounted to RM101.7 million.

The grant schemes implemented under 9MP came to a conclusion in 2010. A total of 25,376 applications had been received, of which 19,387 were approved with grants totalling RM602 million. However, funding under the Soft Loan for SMEs scheme was still available in the form of a revolving fund. In 2010, from a total of 268 applications received, 193 were approved with total loans valued at RM134.1million.

INTERNATIONAL COOPERATION

SMEs in International Fora

The ASEAN SME Working Group (SMEWG), established in 1997, conducts discussion and work programmes in line with the ASEAN Policy Blueprint for SME Development (2004-2014) and the ASEAN Economic Community (AEC) Blueprint (2010-2015). SMEs can benefit from these programmes as follows:

- opportunity for SME employees to be trained at foreign training institutions;
- opportunity for SMEs to obtain consultation with foreign experts on specific areas of improvement;
- participation of trainers from local training institutions in Training-of-Trainers (ToT) programmes; and
- participation of policy makers in discussions on SME policy development and sharing of best practices at regional level.

Under the AEC Blueprint, Malaysia and Brunei are jointly undertaking a project to establish an SME financing facility in each ASEAN Member State. Two workshops have been organised to gather information on financing facilities already made available to SMEs in each Member State. An Expert Panel on Financing has also been formed to provide referrals on SME financing matters.

ASEAN Economic Ministers (AEM) endorsed the establishment of the ASEAN SME Advisory Board, which serves as a networking forum for representatives from both the private and public sectors, with the common objective of further advancing SME competitiveness and sustainability. The Advisory Board is tasked with providing strategic policy inputs on SME development to the Ministers and other relevant bodies in ASEAN. In November 2010, the Heads of ASEAN SME Agencies deliberated on the Terms of Reference and decided that the first meeting of the Advisory Board would be held in 2011.

The APEC SME Ministerial Meeting (SMEMM) in 2010 themed 'Strategy for Reinvigorating Economic Growth with Dual Engine: SME and Asia Pacific Economy' was hosted by Japan. SMEMM recognised SMEs as a significant source of prosperity and employment, and a major contributor to innovation. Based on reports presented by member economies on the impact of the global financial crisis, SMEs within the Asia-Pacific region as a whole remained resilient and continued to chart positive growth.

Malaysia undertook a Survey on Government Procurement in response to the Business Environment KPI under the APEC SMEWG Strategic Plan (2009-2012). It was found that economies which adopt specific SME policies for Government Procurement would directly benefit SMEs in gaining access to the domestic market. This finding served as a recommendation for MOF to consider introducing a specific policy for Malaysian SMEs, namely the Green Lane Policy.

The APEC Ministers concurred on the importance of strengthening SME access to global markets through the 'One Village One Product' model, exhibitions and trade shows, international internship and exchange programmes, and open and transparent business environments.

Bilateral Cooperation

SME Corp. Malaysia signed two MoUs with Egypt's Social Fund for Development (SFD) and the Ministry of Industry and Primary Resources (MIPR) of Brunei Darussalam. It renewed its MoU with ROK's Small Business Corporation (SBC). All three MoUs focus on the exchange of knowledge and information on development of SMEs. SME Corp. Malaysia collaborated with ROK's SBC on a seminar entitled 'Seminar on Sharing of Best Practices on Korean SME Development Policies and Initiatives'.

ADVISORY AND OUTREACH

SME Corp. Malaysia organises various outreach programmes such as conventions, seminars, workshops, exhibitions and technical briefings throughout Malaysia. At district level, SME Corp. Malaysia state offices collaborate with the State Governments, industry associations and related chambers of commerce. A total of 214 outreach programmes were conducted, attracting 177,947 participants, including 142,524 SMEs at district level.

One Referral Centre (ORC)

SME Corp. Malaysia's ORC is the focal point for SMEs to obtain information and advisory services on SME programmes, incentives, schemes and assistance. Facilities provided include Information Kiosks, SME Toolkit Kiosks and Resource Centres. SME products are displayed at the Product Gallery. Industry experts conduct weekly 'Pocket-Talks' on various topics and Business Counsellors are available to provide free advisory assistance.

Enterprise 50 Award (E50)

Prestigious and coveted, E50 Award promotes and showcases successful locally-incorporated companies. This Award motivates companies to expand their capabilities and improve product and market competitiveness. Since its inception in 1997, the Award has attracted a total of 1,590 nominations with 493 winners. The E50 Award top winner for 2010 was Swift Energy Sdn. Bhd.

Human Resource Development Project between SME Corp. and Malaysia-Japan International Cooperation Agency (JICA)

In 2004, SME Corp. Malaysia (then SMIDEC) in collaboration with JICA and the EPU of Malaysia initiated the Technical Cooperation Project on Development of Human Resource for Small and Medium Industries. The three-year project, an initiative under the Malaysia-Japan Economic Partnership Agreement (MJEPA), was to train officers from SME Corp. Malaysia, MATRADE, MPC, Human Resources Development Berhad (PSMB) and SME Bank to become SME Business Counsellors.

Phase 1 of the project concluded in 2009, with the graduation of 67 SME Business Counsellors. The top 30 graduates from Phase 1 have gone on to receive further in-depth training from Japanese industrial experts to become certified trainers, after which they will train 120 new SME Business Counsellors. In March 2010, under Phase 2 of the project, 20 officials from SME Corp. Malaysia commenced training.

OUTLOOK

The SME Master Plan is being developed to create a business ecosystem that will promote growth, productivity and global competitiveness of SMEs across all sectors. It will chart the policy direction for SMEs to achieve the quantum leap in GDP growth, and produce national, regional and global champions that can spearhead the growth of the economy. A two-pronged strategy will be undertaken:

- the more established and innovative SMEs will be supported to realise their full potential and thereby integrate with global markets; and
- more support and assistance will be provided to micro enterprises that form the majority of the bottom 40% of income earners.

There will also be a shift of mode in implementing SME assistance from activity-based to targeted and programme-based assistance. This will include the adoption of an outcome-based approach in monitoring and assessing the effectiveness of SME development programmes, and the provision of sustainable financing.

SME Corp. Malaysia will introduce two new integrated assistance programmes: 'Business Accelerator Programme (BAP)' and 'Enrichment & Enhancement Programme (E^2)'. These programmes will provide integrated support in terms of diagnostics, capacity building, advisory and technical support, and facilitate access to financing. Implementation of these new programmes, as well as 146 others by 17 Ministries and over 60 agencies, is anticipated to benefit more than 500,000 SMEs in 2011.

Box Article 7.1: IC Microsystems Sdn. Bhd. (ICmic)

The most innovative SME in Malaysia, ICmic is a leading home-grown fabless integrated circuit (IC) design house based in Cyberjaya. It won the inaugural SME Innovation Award 2010 and received a RM1 million cash prize.

ICmic designs a wide range of products including IC devices and telecommunication products, with sales derived from key markets like the USA, Europe and the PRC. The first milestone was when it produced one of the world's most advanced digital-to-analogue converter IC chip in 2002. The breakthrough in the domestic market came when the company managed to secure a significant contract to supply telephones embedded with ICmic's single chip phone IC to Telekom Malaysia Berhad. Today, the single chip phone IC is the company's single largest selling item with over 700,000 units sold.

In the early years, obtaining capital was a major challenge for the newly-established ICmic due to the nature of its business. It had to rely solely on its own funds as there were no angel investors in Malaysia willing to extend seed funds to technopreneurs, unlike in the developed markets. Fortunately, the ICmic business model finally attracted the interest of an American company, Silvaco Incorporation, which invested in ICmic in 2001. Until today, the company is a major shareholder of ICmic.

In an effort to develop more young engineers, ICmic together with Universiti Kuala Lumpur (UniKL) and MARA established the ICmic-UniKL Academy in 2007, which provides an apprenticeship programme leading to a Master of Engineering degree conferred by collaborating local universities. This programme provides undergraduates with on-the-job skill development for commercial level IC or system design.

CHAPTER

8

ENTREPRENEURIAL DEVELOPMENT

- *61,000 participants benefitted from National Entrepreneurial Institute (INSKEN) programmes*
- *RM100 million allocated for training programmes on entrepreneurship, business development and marketing*
- *730 successful entrepreneurs have emerged from training programmes*

OVERVIEW

MITI is responsible for developing Bumiputera entrepreneurship through training, business development and marketing programmes to ensure Bumiputera equity participation in the economy. A total of RM100 million was allocated for these programmes, which included Product and Services Enhancement (Groom Big), Domestic and International Trade Fairs, *Satu Daerah Satu Industri* (SDSI) Marketing and Promotion, Strategic Cooperation with Government-Linked Companies (GLCs)/Chambers of Commerce, and Advertising for Entrepreneurs (details in Tables 8.1 and 8.2).

POLICY INITIATIVES

The *Majlis Tindakan Agenda Bumiputera* (MTAB) established in 2010 provides a platform for MITI to channel proposals and feedback on entrepreneurial development. MITI also acts as a bridge linking MTAB and NGOs.

Input from the E&E, automotive and food industry labs was used in the formulation of the action plan in Master Plan for Bumiputera Development in the Manufacturing Sector (PIPB).

The Vendor Development Programme was transferred from the Ministry of Domestic Trade, Co-operative and Consumerism (KPDNKK) to MITI in August 2010. With the inclusion of this new role, the scope of Bumiputera development programmes was expanded to include stakeholders such as Bumiputera investors, anchors and vendor companies.

MITI has set up the *Jawatankuasa Pembangunan Keusahawanan* (JPK) to coordinate and monitor implementation of entrepreneurial development programmes. The committee is chaired by the Secretary General, with members comprising Heads of Agencies and Senior Directors of MITI.

ENTREPRENEURSHIP TRAINING PROGRAMMES AND SERVICES

National Entrepreneurial Institute (INSKEN) provides training for prospective and existing entrepreneurs, and referral and advisory services through the Business Advisory Centre (BAC). A total of 61,809 participants benefitted from these programmes in 2010.

INSKEN conducted two impact studies in 2010: *Kajian Impak Program Mewujudkan Usahawan INSKEN (2006-2009)* and *Kajian Impak Program Pembudayaan Keusahawanan INSKEN (2006-2009)*. The studies showed that the interest to become entrepreneurs was highest among university students. The training programmes successfully created 730 entrepreneurs.

BUSINESS DEVELOPMENT AND MARKETING

Promotional and marketing programmes are aimed at:

- improving quality of products and services through Product Quality Enhancement Programmes under Groom Big; and
- expanding the market for product and services of entrepreneurs through promotional and marketing activities in the domestic and international markets.

Table 8.1: Achievements of INSKEN programmes in 2010

PROGRAMMES		2010
TOTAL		61,809 participants
ACCULTURATION PROGRAMME		
1.	Young Entrepreneur Programme (YEP) to provide secondary school students with exposure to and experience in processes relating to the establishment, operation and dissolution of a company	20,831
2.	Undergraduate Entrepreneurship Programme (SEP) to provide university students with exposure to basic business and entrepreneurial skills:	28,299
	a. Undergraduate Development Programme	19,045
	b. Basic Entrepreneurship Course for Undergraduates	4,228
	c. Student Malls (number of Student Malls in operation)	16
	d. Students in Free Enterprise (SIFE)	3,877
	e. MITI Outreach Programme with institutes of higher learning (IPT)	1,043
	f. Entrepreneurship Seminar for Malaysian students abroad	106
INTRODUCTORY PROGRAMME		
3.	Basic Business Training to provide introductory aspects of entrepreneurship and business for the general public	887
4.	Business Encouragement Scheme to provide extended training for Government support personnel to venture into business upon retirement	41
5.	Graduate Entrepreneur Scheme to provide pre-requisite training for applicants of the Graduate Entrepreneur Fund under SME Bank	270
6.	Entrepreneur Development Training to provide extended training for Government officers in the Professional and Managerial category to venture into business upon retirement	27
ADVANCED ENTREPRENEURIAL PROGRAMME		
7.	Soft Skill Entrepreneurial Course to provide entrepreneurs with necessary management skills for operating business	115
8.	Hands-On Entrepreneurial Training to provide practical training in selected fields such as photography, cake and pastries as well as health and beauty	170
9.	State-Level Entrepreneurial Course to provide soft skills training for hawkers and petty traders at state level	1,702
10.	One District One Industry Entrepreneurial Course to provide soft skills training for entrepreneurs under the One District One Industry Programme	1,245
11.	Expansion and Networking Programme to provide training in collaboration with NGOs, trade and industry associations, and Government agencies	5,116
ADVISORY SERVICE		
12.	BAC to provide one-stop consultation and advisory services to facilitate entrepreneurs in product development and business expansion	1,074
13.	Mentoring and Coaching Programme to assist entrepreneurs in selected areas through a series of group discussions facilitated by a mentor/coach	408
14.	Entrepreneur Guidance Training to enhance knowledge and skills of officers and entrepreneurs in selected areas	1,588
MODULE AND CURRICULUM DEVELOPMENT		
15.	Review of entrepreneurship training modules to improve existing ones to meet market demand	3 modules
16.	Capacity Building Programme to enhance knowledge and skills of MITI officers	36
RESEARCH AND DEVELOPMENT		
17.	Impact Study to evaluate impact and effectiveness of training programmes for continuity and improvement	2 studies

Source: MITI

Table 8.2: Promotional and Marketing Programmes in 2010

PROGRAMMES

1. **Product and Services Quality Enhancement Programme (Groom Big)**

Groom Big aims to engage, nurture and groom entrepreneurs to turn micro enterprises into large entities. It is a collaboration between Government agencies, chambers of commerce, associations and GLCs.

Groom Big has expanded its scope to other sectors with potential such as ICT, tourism, furniture and the halal industry.

Groom Big Showcase was introduced as a pilot project in 2010 at national and zone levels to provide a platform for entrepreneurs to promote their products/ services and create networking. Activities included:

i) exhibitions;
ii) business matching;
iii) product demonstrations;
iv) seminars; and
v) business advisory services by MITI agencies.

PERFORMANCE IN 2010

Participants of the Programme by Sector

Food and Beverage	: 124
Cosmetics	: 500
Furniture	: 20

Awareness Programme

Category	Association/ Business Chambers/ GLCs	No. of participants
Systematic Accounting System	PERDASAMA	755
Petrochemicals (oil & gas)	PERDASAMA	475
Tourism	PERDASAMA	1,491
IBS Contractor	GABEM	85
ICT (BITE Programme, TAP, CTAP, I'm Set)	MDEC	1,520

The Groom Big Showcase at National and Zone Levels

Showcase	Sales (RM)	Number of Visitors	Business Matching Sessions	Exhibitors
TOTAL	7,671,194	243,583	155	660
Ekspo National 2010	6,000,000	117,744	75	240
Kelantan	15,100	10,100	2	45
Kedah	16,970	2,000	3	45
Perak	389,124	3,739	20	85
Johor	810,000	100,000	30	100
Sabah	440,000	10,000	25	145

<table>
<tr><th colspan="2">PROGRAMMES</th><th>PERFORMANCE IN 2010</th></tr>
<tr><td>2.</td><td><i>Satu Daerah Satu Industri</i> – SDSI (One District One Industry) Showcase

This is the largest annual showcase for marketing and promoting SDSI products/services to both domestic and international visitors. It provides an opportunity for entrepreneurs, trade buyers such as hypermarkets and distributors, and raw material suppliers to do business networking.

The National SDSI Showcase 2010 held from 10 to 12 December 2010 at the Melaka International Trade Centre (MITC), Ayer Keroh was officiated by the Minister of International Trade and Industry with the Chief Minister of Melaka in attendance.

Activities included:
exhibition and sales of SDSI products and services from five clusters, i.e. food and beverage, handicraft, homestay, health products and services;
business clinics offering business advisory services to entrepreneurs;
business matching sessions between entrepreneurs and trade buyers; and
Menu Malaysia offering local signature food.
SDSI Showcase expanded to the zone-level with showcases organised in Central Zone and Sabah-Sarawak Zone.

Negeri Sembilan hosted the first Central Zone SDSI Showcase from 26 to 27 June 2010 in Seremban and Kuching hosted the second zone-Level programme from 2 to 4 July 2010. Activities included entrepreneurial seminars, business clinics, Menu Malaysia, products and branding demonstration.</td><td>SDSI Showcase 2010

<table>
<tr><th>Item</th><th>National-Level</th><th>Central Region</th><th>Sabah & Sarawak Region</th></tr>
<tr><td>Exhibitors (Entrepreneurs/ Agencies)</td><td>523</td><td>127</td><td>130</td></tr>
<tr><td>Visitors</td><td>120,000</td><td>10,000</td><td>37,643</td></tr>
<tr><td>Seminar Participants</td><td>778</td><td>142</td><td>288</td></tr>
<tr><td>Business Matching Sessions</td><td>900</td><td>68</td><td>19</td></tr>
<tr><td>Contract Sales (RM million)</td><td>15.7</td><td>2.13</td><td>0.62</td></tr>
<tr><td>Cash Sales (RM million)</td><td>2.9</td><td>0.03</td><td>0.14</td></tr>
</table></td></tr>
<tr><td>3.</td><td>SDSI Advertising Programme

The Advertising and Publicity (A&P) programme promotes and markets various SDSI products and services. Participants reported significant increase in sales of between 10% and 85% after the programme was aired. They also managed to widen their business network by appointing new distributors, marketing agents and raw material suppliers.</td><td>A total of 26 Malaysian entrepreneurs participated in this programme comprising 30 episodes aired between 13 November and 12 December 2010.</td></tr>
<tr><td>4.</td><td>Domestic Trade Fairs

The Government funded rental of booths. MITI Pavilion provided business advisory services to entrepreneurs and visitors.</td><td>1,734 exhibitors
29 domestic trade fairs
Sales worth RM31.42 million</td></tr>
</table>

<table>
<tr><th colspan="2">PROGRAMMES</th><th>PERFORMANCE IN 2010</th></tr>
<tr>
<td>5.</td>
<td>

International Trade Fairs

MITI participated in nine international trade fairs to:

- create awareness and promote local products and services to the international market;
- provide a platform for Bumiputera entrepreneurs to create and establish networking; and
- create access to new markets and enhance existing exports.

MITI provides assistance and incentives in the form of partially sponsored participation in these fairs. It collaborates with agencies such as MATRADE, HDC and business associations including *Konsortium Usahawan Makanan dan Industri Asas Tani* (KOMITA) and *Dewan Usahawan Industri Desa* (DUID).

</td>
<td>

Participation in International Trade Fairs 2010

<table>
<tr><th>Event</th><th>No. of Entrepreneurs</th><th>Cash Sales</th><th>Contract Sales</th></tr>
<tr><td>TOTAL</td><td>129</td><td>RM205,715</td><td>RM8,279,170</td></tr>
<tr><td>Festival Yemen Malaysia (for showcase only)</td><td>4</td><td>-</td><td>RM 1,170</td></tr>
<tr><td>Viet Nam International Trade Fair Expo 2010</td><td>6</td><td>RM4,604</td><td>RM37,000</td></tr>
<tr><td>The 1st LIMA DASAR Expo, Songkhla, Thailand</td><td>54</td><td>RM15,000</td><td>RM1,416,000</td></tr>
<tr><td>China (Ningxia) International Trade and Investment Fair</td><td>10</td><td>RM7,186</td><td>RM2,370,000</td></tr>
<tr><td>Canton Fair, Guangzhou, the PRC</td><td>18</td><td>RM11,600</td><td>RM705,000</td></tr>
<tr><td>1Malaysia Best Halal Frozen & Convenience Food Carnival, Perth, Australia</td><td>10</td><td>RM51,000</td><td>RM207,000</td></tr>
<tr><td>Specialised Marketing Missions on Halal Products to Chengdu and Yinchuan, the PRC</td><td>6</td><td>RM65,000</td><td>RM2,965,000</td></tr>
<tr><td>5th Cambodia Import Export and 1 Province 1 Product 2010</td><td>13</td><td>RM9,920</td><td>RM500,000</td></tr>
<tr><td>The 7th International One Village One Product (OVOP) Seminar, Hanoi</td><td>8</td><td>RM3,160</td><td>RM15,000</td></tr>
</table>

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</table>

	PROGRAMMES	PERFORMANCE IN 2010
6.	**Product Collection and Marketing Centre (4PU)** 4PU aims to collect Bumiputera products and market them in domestic and international markets in collaboration with Malaysian distributing and marketing companies. It provides opportunities for entrepreneurs to leverage on the experience and expertise of 4PU operators. MITI signed an Agreement of Understanding (AoU) with 4PU operators to formalise roles and responsibilities of the parties involved.	• Six 4PUs in Malaysia • One each in Cambodia and Viet Nam
7.	**Strategic Cooperation Programmes with GLCs** This programme promotes Bumiputera entrepreneur products through distribution channels provided by GLCs. Collaborating GLCs include: • Malaysia Airports Holdings Berhad (MAHB) Opportunities to operate businesses in Kuala Lumpur International Airport (KLIA) and Low Cost Carrier Terminal (LCCT). • Johor Corporation (JCorp) Development of new entrepreneurs and enhancement of existing entrepreneurs through seminars, entrepreneurial clinics, motivational talks, experience and success story sharing sessions, domestic trade fairs and business matching sessions.	Programmes with MAHB: • MAHB allocated 6 business premises • Sales worth RM2,811,494 Programmes with JCorp: • 3 series of entrepreneurial seminars • 921 participants • 60 new businesses created
8.	**Halal Promotion Programme** The Halal Outreach Programme, in collaboration with agencies such as HDC and Malaysian Islamic Development Department (JAKIM), creates awareness of support services provided by the Government. MITI has been appointed the lead agency and coordinator of the ASEAN Working Group on Halal Food and the Indonesia Malaysia Thailand Growth Triangle (IMT-GT) Working Group on Halal Products and Services (WGHAPAS).	Activities: • Outreach Halal Programme *(Pendedahan Pensijilan Halal)*; • Training-of-Trainers (ToT) Programme for Halal Awareness and Promoters; and • Sponsoring entrepreneurs participating in the 1Malaysia 1Halal Showcase. Halal Outreach Programme: • 4 sessions • 1,640 participants

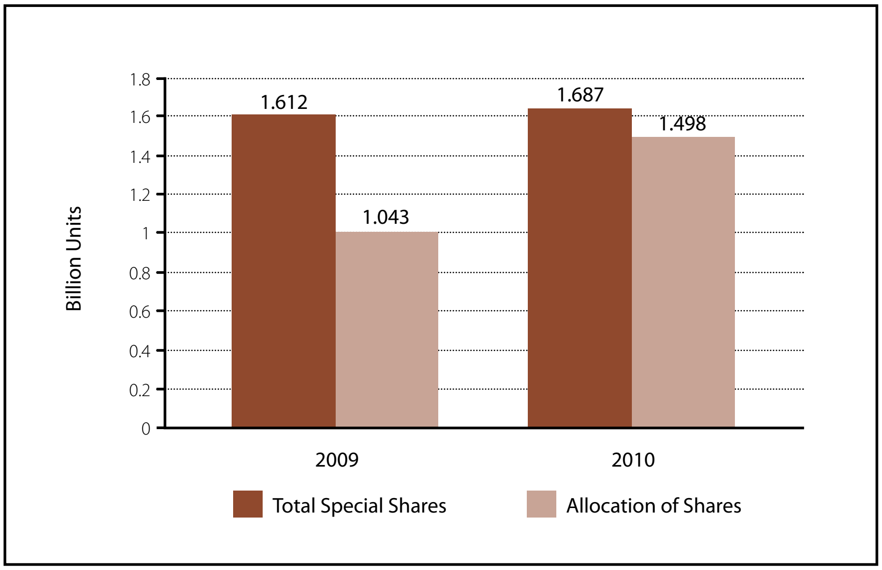
Source: MITI

ALLOCATION OF BUMIPUTERA SPECIAL SHARES

MITI is responsible for the allocation of Initial Public Offering (IPO) Bumiputera special shares to institutions, companies and individuals. For the period 1996 - 2010, a total of 9.7 billion special shares valued at RM20.9 billion were allocated to Bumiputera investors. Out of this, Bumiputera institutions were allocated 41%, Bumiputera companies including cooperatives, 12% and Bumiputera individuals, 47%.

Out of the 1.7 billion shares available for allocation in 2010, only 1.5 billion shares worth RM5.5 billion were taken up by Bumiputera investors. Although there was a marginal increase of 4.8% in shares allocated compared to 2009, the value of shares allocated increased 43.6%. MITI received overwhelming response from Bumiputera investors in certain IPOs such as PETRONAS Chemicals Group Berhad and Malaysia Marine Heavy Engineering Holdings Berhad (MMHE). This was due to the global economic recovery, the upward trend of the stock market and expectations of shares performing well upon listing.

Chart 8.1: Allocation of Bumiputera Special Shares in 2009 and 2010



Source: MITI

VENDOR DEVELOPMENT PROGRAMME (VDP)

The objective is to develop Bumiputera entrepreneurs as component manufacturers, suppliers and service providers to large local corporations and MNCs. Activities include Anchor-Vendor Meetings, Outreach Programmes and Vendors' Workshops. VDP aims to:

- implement the *'serap dan lantik'* (absorb and appoint) approach for existing vendor companies;
- encourage the participation of large local companies, GLCs and MNCs; and
- enhance collaboration with technical training providers.

MITI collaborated with local technical providers such as Technology Park Malaysia (TPM), SIRIM and Furniture Institute Technology Centre (FITEC) to provide hands-on training to workers of vendor companies. An allocation of RM5.1 million was utilised for 13 training and enhancement programmes to assist 631 vendors to become product suppliers and service providers to 99 anchor companies under VDP.

OUTLOOK

Under 10MP, an integrated training package consisting of training, technical assistance, financing, consultation, promotion and marketing has been introduced. INSKEN is expected to play a greater role in providing quality entrepreneurial training with the development of the National Entrepreneurial Development Curriculum Standards (NEDECS) and certification.

MITI will intensify collaboration with other Government agencies, R&D institutions and business associations to enhance implementation of the Groom Big programme. The scope of the programme will be widened to include the herbal industry and the services sector. In an effort to focus more on ICT-related programmes, MITI in collaboration with MDEC has undertaken two new ICT initiatives, the 'I'm Set' and the *'Usahawan Internet Wanita'.*

MITI will actively undertake programmes to establish the Bumiputera Commercial and Industrial Community (BCIC) through various outreach programmes to reach a wider Bumiputera community.


ASEM 8 - BRUSSELS 2010
ASEM
MALAYSIA
CHILE
MALAYSIA

- *Malaysia-Japan (MJEPA) continues to deliver with COs worth RM102.3 billion issued*
- *Malaysia-Chile (MCFTA) is first FTA with a Latin American economy*
- *Malaysia's acceptance into TPP a catalyst for trade*
- *Malaysia-India (MICECA) will boost trade and investments*

CHAPTER

9

REGIONAL AND BILATERAL FREE TRADE AGREEMENTS

OVERVIEW

Highlights of bilateral FTAs:

- regional ASEAN FTAs with India, Australia and New Zealand entered into force on 1 January 2010;
- bilateral FTA with New Zealand came into force on 1 August 2010;
- bilateral FTA negotiations with Chile and India were successfully concluded;
- bilateral FTA negotiations with Turkey and the European Union (EU) commenced; and
- Malaysia was accepted as a full negotiating partner in the Trans-Pacific Strategic Economic Partnership (TPP).

The benefits derived by Malaysia from FTAs include:

- improved market access for Malaysian goods through preferential tariff and other trade facilitation measures;
- market access opportunities for Malaysian service suppliers through liberalisation and facilitation measures;
- enhanced attractiveness of Malaysia as an investment destination and production hub to serve regional and global markets;
- new investment opportunities in partner countries for Malaysian businesses;
- a platform to address health, sanitary and technical restrictions; and
- enhanced domestic capacity through economic and technical cooperation and collaboration.

PROGRESS IN IMPLEMENTATION OF FTAs

Malaysia-Japan Economic Partnership Agreement (MJEPA)

MJEPA, Malaysia's first free trade agreement that entered into force on 13 July 2006, has made substantial progress notably under the Economic Partnership Programme, a human resource training programme with working groups in agriculture, education and human resources development, science and technology, SMEs and tourism. The local automotive industry has benefitted greatly from the 10 projects under the Malaysia-Japan Automotive Industry Cooperation (MAJAICO) programme, which will conclude in June 2011. The Government is reviewing the need to continue some of the projects.

Trade Performance

Japan is consistently ranked among Malaysia's top three trading partners. Bilateral trade grew at an average of 3.2% for the period 2006-2010. Total trade in 2010 amounted to RM132.8 billion, with exports to Japan increased by 24.8% to RM66.3 billion and imports increased by 22.5 % to RM66.5 billion. A total of 509,897 Certificates of Origin (COs) worth RM102.3 billion were issued (2009: 375,589 COs worth RM75.3 billion). Among the major exports that benefitted from tariff preferential treatment were palm oil, plastic products and work gloves.

The Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA)

As Malaysia's first bilateral free trade agreement with a member of the Organisation of Islamic Conference (OIC), MPCEPA entered into force on 1 January 2008 and has achieved significant progress.

Trade Performance

Bilateral trade has increased substantially since the implementation of MPCEPA, even during the economic slowdown in 2009 and 2010. Malaysia's total trade with Pakistan grew by 27.9% in 2010 to RM8.0 billion (2009: RM6.2 billion). Exports to Pakistan increased by 31.3% to RM7.5 billion while imports amounted to RM0.48 billion. A total of 6,872 COs with total value of RM5.57 billion were issued (2009: 5,441 COs worth RM4.1 billion). Major exports enjoying tariff preferential treatment include palm oil, compressors for refrigerators and chemicals and chemical products.

Malaysia-New Zealand Free Trade Agreement (MNZFTA)

MNZFTA is Malaysia's third bilateral FTA and it came into force on 1 August 2010.

Status of Implementation

Malaysia has eliminated duties on 7,022 tariff lines (67.54%) including food products, meat and edible offal and will progressively reduce or eliminate tariffs on 10,293 tariff lines of industrial and agricultural products by 2016. New Zealand will liberalise tariffs on all of its 7,238 tariff lines via full elimination of import duties on 7,191 tariff lines by 2015 including cocoa products, carpet and tyres, and on the remaining 47 tariff lines by 2016 including margarine, steel wire, iron products and wood furniture.

Trade Performance

As MNZFTA commenced in the third quarter of 2010, only 29 COs with export value totalling RM1.5 billion were issued for the period August to December 2010. Some exporters continued to trade under the ASEAN-Australia-New Zealand FTA (AANZFTA) instead of the newly enforced MNZFTA. Major exports under MNZFTA tariff preferential treatment include tyres, wooden picture frames, moulding and air conditioners.

CONCLUDED FREE TRADE AGREEMENTS

Malaysia-Chile Free Trade Agreement (MCFTA)

The fourth of Malaysia's bilateral FTAs and the first with a Latin American country, MCFTA was signed on 13 November 2010 in Yokohama. It will benefit Malaysian exporters as Chile will undertake full elimination of import duties on 6,960 tariff lines (90.2%) from the date of entry into force of the Agreement. Chilean exports of interest to Malaysia include E&E products such as video recording apparatus and data processing machines, vulcanised rubber thread and cord, and surgical gloves. Malaysia undertakes full elimination of import duties on products comprising 9,311 tariff lines (89.5%).

Chile will eliminate duties on 419 tariff lines (4.1%) by 2012 especially in chemical products and machinery while Malaysia will eliminate duties on 355 tariff lines (4.6%).

Trade between Malaysia and Chile in 2010 increased by 27.9% to RM1.0 billion. Major exports to Chile, comprising mainly E&E products, rubber products, wood products, and chemicals and chemical products, totalled RM268.1 million while imports amounted to RM740.5 million.

Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA)

Malaysia and India concluded negotiations on MICECA, which is expected to boost trade and investment between the two countries, in September 2010. MICECA will provide preferential market access for major export products such as petroleum products, palm oil, and chemicals and chemical products, as well as access for Malaysian service providers in construction-related activities and infrastructure development. The agreement is expected to be enforced by July 2011.

ON-GOING AND NEW FTA NEGOTIATIONS

Malaysia-Australia Free Trade Agreement (MAFTA)

The Seventh and Eighth MAFTA Trade Negotiation Council (TNC), held from 19 to 23 April 2010 and 18 to 22 October 2010 respectively, made significant progress in all areas of negotiations. The next round of negotiations is expected to be held in 2011. MAFTA is expected to increase bilateral trade, especially in products of export interest, between both countries; promote value-added services such as environmental goods and services; and facilitate two-way investment flow in areas of common interest including agriculture, agro-based industries and biotechnology.

Trans-Pacific Strategic Economic Partnership (TPP) Agreement

Malaysia was accepted as a full negotiating member on 5 October 2010 and participated in the Third Negotiating Round in Brunei from 5 to 9 October 2010. The nine TPP members are negotiating to develop an FTA and 20 Working Groups (WGs) have been established. The Fourth Negotiating Round was held in December 2010 in Auckland, New Zealand.

TPP offers huge economic opportunities. It can be the catalyst for deeper integration and advancing economic cooperation, as well as trade and investment liberalisation and facilitation within the region. It will enhance Malaysia's competitiveness within the region as the preferred destination for investments.

Malaysia-European Union Free Trade Agreement (MEUFTA)

The first round of negotiations commenced on 6 December 2010 and 13 Working Groups were established. MEUFTA aims to facilitate and promote trade and investment flow; enhance competitiveness; facilitate identification of capacity-building programmes; and contribute to sustainable development and green growth.

Malaysia-Turkey Free Trade Agreement (MTFTA)

MTFTA is the first FTA engagement with a Mediterranean country and three rounds of TNC meetings were held:

- first TNC meeting (31 May–1 June 2010);
- second TNC meeting (23–25 August 2010); and
- third TNC meeting (30 November –2 December 2010).

Turkey is an attractive market for Malaysian products as it has a large population of 71.4 million and GDP per capita of US$10,207 in 2010. Malaysia and Turkey will benefit from the synergy as Malaysia has a strategic location within ASEAN while Turkey serves as a gateway to markets in Europe, the Middle East, Central Asia and North Africa.

OUTREACH PROGRAMMES

A total of 48 outreach programmes were organised to educate the public on opportunities available and prepare them for competition arising from a more liberalised environment created by FTAs. A new development was one-on-one briefing with individual companies.

These programmes undertaken by MITI, MIDA, MATRADE and SME Corp Malaysia for the public and private sectors and selected universities, included:

- National Domestic Investment Dialogue and Seminar by MIDA;
- Briefing and Consultation Session for Exporters by MATRADE;
- Seminars on FTAs and RoO by Federation of Malaysian Manufacturers (FMM) and Chambers of Commerce; and
- *Program Penggunaan Sistem* Electronic Preferential Certificate of Origin (e-PCO) by MITI.

The FTA Service Units in MIDA, MATRADE and SME Corp. Malaysia, which are manned by experienced FTA resource persons, provide information and assistance. Updates are disseminated through the mass media and the MITI website.

OUTLOOK

Economic prospects for 2011 are expected to be positive and increased competition in the global marketplace will have an impact on Malaysia's trade and industry. Nevertheless, the prospect of enhanced trade opportunities under FTAs strengthens Malaysia's resolve to pursue further FTA negotiations for the benefit of its industries, small and medium enterprises (SMEs) and exporters. FTAs will remain an integral part of Malaysia's trade policy and continue to complement efforts at the multilateral level.

Malaysia is exploring the feasibility of engaging new FTA partners particularly in regions that have the potential to expand market access and boost business opportunities for Malaysian exporters and enterprises, particularly in the Middle East, South Asia and the Americas.

Outreach efforts will be stepped up to encompass a wider audience. The Government is looking into developing specialised training programmes for exporters to equip them with the necessary knowledge, understanding and tools to effectively utilise FTAs.

Box Article 9.1: 21st Century FTA – Horizontal Issues

The traditional FTA template, which focuses on trade and investment liberalisation, has been expanded to include areas such as Government Procurement, Competition Policy, Intellectual Property Rights, Labour and the Environment.

A new generation of 'horizontal issues' have arisen in the negotiations to establish TPP, which expands the scope of an FTA. They include cross-cutting issues such as regional integration, regulatory coherence, competitiveness, development, SMEs and transparency.

Horizontal issues are the logical outcome of deepening regional integration occurring within the region and they reflect the way businesses operate and workers interact in the 21st century. They offer Malaysia greater benefits than just tariff liberalisation.

These issues have significant bearing on Malaysia. Regulatory coherence, for instance, is akin to harmonising regulations within and between countries to ensure seamless flow in the global supply chain and hence encourage deeper regional integration.

Transparency is becoming important to traders and investors who want clarity and predictability. They now want to participate in the development and formulation of rules and regulations, especially those that can impact their operations. It is equally important for Governments to give emphasis to capacity building/cooperation and development.

Annex: Malaysia's Engagement in Free Trade Agreement

STATUS/TYPE	BILATERAL	SCOPE OF FTA
CONCLUDED	(i) Malaysia-Japan Economic Partnership Agreement (MJEPA)	MJEPA covers: • Trade in Industrial and Agricultural Goods; • Trade in Services; • Investment; • Rules of Origin; • Customs Procedures; • Standards and Conformance; • Intellectual Property; • Competition Policy; and • Enhancement of Business Environment, Safeguard Measures and Dispute Settlement. Cooperation areas include agriculture, forestry and commodities, education, human resource development, information and communication technology (ICT), small and medium enterprises (SMEs), science and technology, tourism and environment.
CONCLUDED	(ii) Malaysia-Pakistan Comprehensive Economic Partnership Agreement (MPCEPA)	MPCEPA covers: • Trade in Goods; • Trade in Services; • Investment; and • Bilateral Technical Cooperation and Capacity Building in areas such as: – Sanitary and Phytosanitary Measures; – Intellectual Property Protection; – Construction; – Tourism; – Healthcare; and – Telecommunication.
CONCLUDED	(iii) Malaysia-New Zealand Free Trade Agreement (MNZFTA)	MNZFTA covers: • Trade in Goods; • Rules of Origin; • Customs Procedure and Cooperation; • Trade Remedies; • Sanitary and Phytosanitary Measures; • Technical Barriers to Trade; • Trade in Services; • Movement of Natural Persons; • Investment; • Intellectual Property; • Competition Policy; • Economic Cooperation; • Transparency; • Institutional Provisions; and • Dispute Settlement. Cooperation areas include education, forestry, health, bio-technology and manufacturing industry.

STATUS/TYPE	BILATERAL	SCOPE OF FTA
CONCLUDED	(iv) Malaysia-Chile Free Trade Agreement (MCFTA): - signed on 13 November 2010; and - expected to enter into force in 2011.	MCFTA covers: • Trade in Goods: – Tariffs; – Rules of Origin; – Sanitary and Phytosanitary Measures; – Customs Procedures; and – Technical Barriers to Trade. • Legal Issues; • Trade Remedies; and • Cooperation.
CONCLUDED	(v) Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA): – text-based negotiation concluded on 24 September 2010; – expected to be signed in February 2011; and – enter into force on 1 July 2011.	MICECA covers: • Trade in goods: – Tariffs; – Rules of Origin; – Sanitary And Phytosanitary Measures; – Customs Procedures; – Technical Barriers to Trade; and – Trade Remedies • Trade in Services; • Movement of Natural Persons; • Investment; • Legal and Institutional Issues; and • Economic Cooperation.
UNDER NEGOTIATION	(i) Malaysia-Australia Free Trade Agreement (MAFTA)	MAFTA covers: • Trade in Goods; • Rules of Origin; • Customs Procedures and Cooperation; • Standards, Technical Regulations and Conformity Assessment Procedures; • Sanitary and Phytosanitary Measures; • Trade Remedies; • Trade in Services; • Telecommunications Services; • Financial Services; • Movement of Natural Persons; • Mutual Recognition Arrangements (MRA); • Investment; • Economic and Technical Cooperation (ECOTECH); • Electronic Commerce (e-Commerce); • Intellectual Property (IP); • Competition Policy (CP); • Framework Provisions; and • Dispute Settlement Mechanism.
UNDER NEGOTIATION	(ii) Malaysia-Turkey Free Trade Agreement (MTFTA)	MTFTA covers: • Market access: – Trade in Goods; – Rules of Origin; – Sanitary and Phytosanitary measures; – Trade Remedies; – Customs Procedures; and – Technical Barriers to Trade. • Legal Issues; and • Economic Cooperation. Negotiations on Trade in Services will commence one year after the entry into force of the Market Access Agreement.

STATUS/TYPE	BILATERAL	SCOPE OF FTA
UNDER NEGOTIATION	(iii) Trans-Pacific Strategic Economic Partnership (TPP)	TPP covers: • Market Access; • Industrial Goods; • Agriculture; • Textiles; • Technical Barriers to Trade; • Sanitary and Phytosanitary Measures; • Rules of Origin; • Customs Cooperation; • Investment; • Services; • Financial Services; • Telecommunications; • E-Commerce; • Business Mobility; • Government Procurement; • Competition; • Intellectual Property; • Labour; • Environment; • Capacity Building; • Trade Remedies; • Legal and Institutional Issues; and • Horizontal Issues: – Regional Integration; – Regulatory Coherence; – Development; – SMEs; and – Transparency.
UNDER NEGOTIATION	(iv) Malaysia-EU Free Trade Agreement (MEUFTA)	MEUFTA covers: • Market Access for Goods; • Services and Investment; • Customs and Trade Facilitation; • Rules of Origin; • Trade Remedies; • Sanitary and Phytosanitary; • Technical Barriers to Trade; • Competition Policy; • Intellectual Property Rights (IPR); • Government Procurement (GP); • Sustainable Development Issues (i.e. Labour and Environment); • Dispute Settlement Mechanism; and • Transparency/Institutional Issues.
UNDER NEGOTIATION	(v) Malaysia-Gulf Cooperation Council (MGCC)	MGCC FTA Proposed Scope: • Trade in Goods; • Investment; • Trade in Services; • Cooperation; • Electronic Commerce (e-Commerce); • Dispute Settlement; and • Concluding Provisions.

Source: MITI


VIETNAM 2010
17th ASEAN SUMMIT
CLOSING CEREMONY
17TH ASEAN SUM
VIETNAM 2010
ASEAN SUMMIT
PENING CEREMONY
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- *ASEAN Economic Community (AEC) to be created by 2015*
- *Pilot project on self-certification a milestone with 30 Malaysian companies certified so far*
- *ASEAN Plus Three gains momentum*

CHAPTER

10

ASEAN ECONOMIC COOPERATION

OVERVIEW

ASEAN continued to expand its internal commitments and external engagements in 2010. Efforts to integrate the ten ASEAN Member States (AMS) into the ASEAN Economic Community (AEC) as well as ASEAN with regional and global economies resulted in the following milestones:

- realisation of the ASEAN Free Trade Area (AFTA), ASEAN-China Free Trade Area (ACFTA) and the ASEAN-Korea Free Trade Area (AKFTA) on 1 January 2010;
- entry into force of the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) and the ASEAN-India Trade in Goods (TIG) Agreement on 1 January 2010 and the ASEAN-China Investment Agreement on 15 February 2010;
- entry into force of the ASEAN Trade in Goods Agreement on 17 May 2010;
- signing of the 8th ASEAN Framework Agreement on Services (AFAS-8) Protocol at the 17th ASEAN Summit on 28 October 2010;
- release of the public version of the AEC Scorecard in October 2010; and
- implementation of the Pilot Project on Self-Certification effective 1 November 2010.

The ASEAN Leaders at the Summit Meetings held in April and October 2010 reiterated their strong commitment to achieving the objective of creating an ASEAN Economic Community by 2015. They issued statements that there would be no rolling back on economic commitments aimed at creating a single regional market and production base that would be highly competitive and integrated into the global economy.

Key initiatives to further improve the regional business environment for domestic and trans-national enterprises operating in ASEAN include:

- Master Plan on Connectivity to improve physical connectivity, people to people connectivity and institutional connectivity;
- ASEAN Regional Guidelines on Competition Policy;
- Handbook on Competition Policy and Law in ASEAN for Business;
- ASEAN Patent Search and Examination Cooperation (ASPEC);
- ASEAN IP DIRECT, a directory of IP-related resources and services available in ASEAN Member States to serve as a useful and comprehensive 'one-stop' resource for businesses and other interested parties; and
- formulating the ASEAN IPR Strategic Plan 2011-2015.

ACHIEVEMENTS

ASEAN Free Trade Area (AFTA)

AFTA is now in place with ASEAN Member States reducing and eliminating intra-regional tariffs through the Common Effective Preferential Tariff (CEPT) Scheme for AFTA.

Since 1 January 2010, import duties on an additional 7,881 tariff lines have been eliminated by ASEAN-6 (Brunei, Indonesia, Malaysia, the Philippines, Thailand and Singapore), resulting in total tariff lines traded duty-free under AFTA increased to 54,457 (99.11%). For Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV), import duties on an additional 2,003 tariff lines have been reduced to between 0% and 5%, thus bringing the total to 34,691 tariff lines or 98.86% of the total CEPT tariff lines. Malaysia eliminated duties on all products except for tropical fruits, tobacco and tobacco products, for which import duties were reduced to 5%, and rice where the import duty was reduced to 20%.

The CEPT Agreement has been superseded by the ASEAN Trade in Goods Agreement (ATIGA) which entered into force on 17 May 2010. The new Agreement sets out strict disciplines in implementing the commitments and obligations in ASEAN towards elimination and reduction of import duties and removal of Non-Tariff Barriers (NTBs). The Agreement also provides for enhanced transparency in the concessions granted and a strong legal framework that will enable ASEAN to realise the free flow of goods in the region, with a view to establishing a single market and production base by 2015. Tariff reduction/elimination schedules of ASEAN Member States are annexed to the Agreement.

Malaysia, Singapore and Brunei have commenced implementation of the self-certification pilot project for a year beginning 1 November 2010. In this Pilot project, ASEAN has adopted the Certified Exporter methodology. This involves registration of exporters with the preferential certificate issuing authority, which will then authorise the companies to self-certify their export documents to benefit from preferential duties. Malaysia has certified 30 companies to participate in the pilot project, Singapore 22 and Brunei 10.

Rules of Origin (RoO)

To enhance intra-ASEAN trade flows, RoO and Operational Certification Procedures (OCP) have been revised and incorporated into ATIGA. The new features include:

- a standardised method of calculating local/ASEAN content;
- a set of principles to determine the cost of ASEAN origin and the guidelines for costing methodologies;
- the treatment of locally-procured materials;
- the treatment of textiles products; and
- an improved verification process, including on-site verification.

ASEAN has implemented the revised Product Specific Rules (PSR) to include the adoption of a 'Change in Tariff Heading (CTH)' as an optional criterion in the General Rules of Origin besides 'Regional Value Content of 40%' (RVC 40). ASEAN has also formulated revised PSR for products under Chapter 15 (animal and vegetable oil and their related products) which provides for a more liberal criterion, making it easier for companies to qualify for preferential import duties under ATIGA.

Table 10.1: Total ASEAN Trade 2008-2010

COUNTRY	Total Trade					
	Value in US$ million			Change in %		
	2008	2009	2010	2008	2009	2010
Total	**1,710,421.7**	**1,536,843.4**	**1,949,035.8**	**275.8**	**(85.9)**	**209.7**
Brunei	11,860.2	9,568.2	9,600.0	21.6	(19.3)	0.3
Cambodia	8,775.6	8,886.7	12,100.0	15.8	1.3	36.2
Indonesia	266,217.7	213,339.2	293,400.0	41.2	(19.9)	(37.5)
Lao PDR	2,630.9	2,962.1	3,317.55	140.7	12.6	(12.0)
Malaysia	338,794.7	280,221.4	362,900.0	4.9	(17.3)	29.5
Myanmar	10,415.4	10,191.4	11,618.20	19.4	(2.2)	(13.7)
Philippines	105,671.0	83,868.6	101,200.0	(0.3)	(20.6)	20.7
Singapore	472,165.0	515,617.1	661,600.0	(16.1)	9.2	28.3
Thailand	352,534.2	286,266.8	337,700.0	20.1	(18.8)	18.0
Viet Nam	141,357.0	125,921.9	155,600.0	28.5	(10.9)	23.6

Note : Trade data are preliminary. *Source: Compiled by MITI*

Table 10.2: Total Intra ASEAN Trade 2008-2010

COUNTRY	Total Intra-ASEAN Trade					
	Value in US$ million			Change %		
	2008	2009	2010	2008	2009	2010
Total	**458,114.0**	**376,127.0**	**475,269.6**	**14.0**	**(17.9)**	**26.3**
Brunei	3,544.3	2,472.1	1,313.3	11.0	(30.3)	46.9
Cambodia	1,909.9	2,097.9	2,328.6	24.5	9.84	11.0
Indonesia	68,162.5	52,345.9	65,340.9	47.9	(23.2)	24.8
Lao PDR	2,215.3	2,478.2	2,775.6	165.7	11.9	12.0
Malaysia	85,076.7	72,065.3	95,010.2	3.0	(15.3)	31.8
Myanmar	5,581.6	5,262.4	6,015.2	15.3	(5.7)	14.3
Philippines	21,398.4	17,339.5	26,894.9	2.4	(19.0)	55.1
Singapore	171,355.4	140,694.1	180,956.2	6.5	(17.9)	28.6
Thailand	69,375.3	59,250.1	74,661.4	19.8	(14.6)	26.0
Viet Nam	29,494.6	22,121.5	19,973.3	27.3	(25.0)	(9.7)

Note: Brunei trade data are for January-June 2010 only.
Cambodia and Lao PDR trade data are preliminary.
Indonesia trade data are for January-November 2010 only.
Source: Compiled by MITI

Table 10.3: Intra ASEAN Trade by Exports and Imports 2008-2010

COUNTRY	Intra-ASEAN Exports						Intra-ASEAN Imports					
	Value in US$ million			Change %			Value in US$ million			Change %		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Total	**242,497.30**	**199,587.3**	**258,597.20**	**11.6**	**-17.7**	**24.4**	**215,616.60**	**176,620.1**	**216,672.4**	**16.8**	**-18.1**	**22.7**
Brunei	1,972.9	1,229.3	652.6	-8.2	-37.7	-46.9	1,571.4	1,242.8	660.7	50.6	-20.9	-46.8
Cambodia	310.6	644.6	966.9	23.5	107.5	50.0	1,599.3	1,453.3	1,361.7	24.7	-9.1	-6.3
Indonesia	27,170.8	24,623.9	30,065.7	21.8	-9.4	22.1	40,991.7	27,742.4	35,275.2	72.3	-32.3	27.2
Lao PDR	724.4	997.4	1,289.8	181.4	37.7	29.3	1,490.9	1,480.8	1,485.8	158.6	-0.7	0.3
Malaysia	50,401.4	40,365.1	50,451.4	11.3	-19.9	25.0	34,675.3	31,700.2	44,558.8	-7.1	-8.6	40.6
Myanmar	3,853.4	3,196.7	3714.0	12.4	-17.0	16.2	1,728.2	2,065.7	2301.2	22.3	19.5	11.4
Philippines	7,081.7	5,838.4	11,550.4	-11.8	-17.6	97.8	14,316.7	11,561.1	15,344.5	11.2	-19.2	32.7
Singapore	101,477.3	81,646.5	106,404.4	6.8	-19.5	30.3	69,878.1	59,047.6	74,551.8	6.1	-15.5	26.3
Thailand	39,487.0	32,490.6	44,333.9	20.0	-17.7	36.5	29,888.2	26,759.5	30,327.5	19.6	-10.5	13.3
Viet Nam	10,017.8	8,554.8	9,168.1	29.6	-14.6	7.2	19,476.8	13,566.7	10,805.2	26.1	-30.3	-20.4

Note: Brunei trade data are for January-June 2010 only.
Cambodia and Lao PDR trade data are preliminary.
Indonesia trade data are for January-November 2010 only.

Source: Compiled by MITI

SERVICES

ASEAN completed its 7th Package in October 2010 with 65 sub-sectors fully meeting the targets and parameters set out for liberalisation under the AEC Blueprint measures. There are three more packages of services liberalisation which will be undertaken in 2012, 2014 and 2015.

ASEAN is required to complete ASEAN Framework Agreement on Services (AFAS) 8 by August 2011. Under the 8th Package, a total of 80 sub-sectors are to fully comply with agreed thresholds and parameters. Substantial liberalisation is required in all four modes of supply. Generally, Member States have no restrictions for Mode 1 (Cross Border Supply) and Mode 2 (Consumption Abroad). Difficulties remain in Mode 3 (Commercial Presence) and Mode 4 (Movement of Natural Persons).

For Priority Integration Sectors (PIS), market access commitments made under Mode 3 seek to allow greater foreign (ASEAN) equity ownership and to remove all other limitations related to establishing a commercial presence in a Member State. Limitations in the form of National Treatment, that is, differential (discriminatory) treatment of foreign service suppliers vis-à-vis domestic service suppliers in a Member State, are only allowed for four sub-sectors committed under AFAS 8.

The AEC Blueprint targets all services sub-sectors to be liberalised to at least 70% foreign (ASEAN) equity by 2015.

For Mode 4, ASEAN is putting into place an ASEAN Framework Agreement for Movement of Natural Persons in an effort to approach, in a more holistic manner, liberalisation in this particular mode of supply. Elements arising from labour and immigration working group discussions will be incorporated into the framework agreement. There will also be a specific focus on facilitation of mobility for ASEAN professionals/ business services suppliers.

SECTORAL COOPERATION

Substantial progress has been achieved in other economic sectors under the purview of the Ministers responsible for implementation of the AEC Blueprint measures and the realisation of the goals of the ASEAN Economic Community.

Agriculture

The 32nd Meeting of the ASEAN Ministers of Agriculture and Forestry (AMAF) held in Phnom Penh on 23 October 2010 endorsed the following ASEAN standards and documents:

- ASEAN Phytosanitary Guidelines for the Import of Dendrobium Cut Flowers;
- 13 ASEAN Harmonised Maximum Residue Limits (MRLs) for nine pesticides;
- ASEAN Standards for Jackfruit, Cucumber, Melon and Salacca;
- ASEAN Chain of Custody Guidelines for Legal Timber and Sustainable Timber; and
- Roadmap Towards a Highly Pathogenic Avian Influenza-Free ASEAN Community by 2020.

Transport

In November 2010, the ASEAN Transport Ministers endorsed the ASEAN Transport Action Plan (ATAP) 2011-2015, which is based on a comprehensive assessment of the current transport situation in ASEAN and the achievements in the implementation of 2005-2010 ATAP and other related plans. The revised Plan will serve as a guide to ensure that ASEAN transport cooperation is effective and successfully implemented to realise the ASEAN Single Aviation Market, ASEAN Single Shipping Market and enhanced transport connectivity with the rest of the world including ASEAN's dialogue partners. The ASEAN Transport Ministers also signed the ASEAN Multilateral Agreement on Full Liberalisation of Passenger Air service.

Tourism

The ASEAN Tourism Strategic Plan (ATSP) 2011-2015, a document that charts strategic directions and actions for the integration of the tourism sector in ASEAN, was endorsed by the ASEAN Tourism Ministers Meeting in January 2011. Various programmes and activities were conducted to enhance the tourism sector including China International Travel Mart (CITM) 2010, ASEAN-Japan Fair 2010 and Workshop on Sustainable Development of Tourism Destination for BIMP-EAGA.

Finance

Commendable progress was achieved in the area of financial cooperation. Key initiatives implemented in 2010 under the ASEAN Plus 3 Framework of Cooperation include the Chiang Mai Initiative Multilateralisation (CMIM), operationalisation of the ASEAN+3 Macroeconomic Research Office (AMRO), establishment of ASEAN+3 Bond Market Forum and the Credit Guarantee. Discussions are on-going for the establishment of an ASEAN Infrastructure Fund to assist in financing the huge infrastructure requirements of the region.

Telecommunications

The ASEAN ICT Master Plan 2015 was unveiled at the 10th ASEAN Ministerial Meeting on Telecommunications and Information Technology held in Kuala Lumpur from 10 to 14 January 2011. This is a comprehensive plan of specific actions and projects with clear targets and timelines for the next five years and beyond to achieve the intended goals of ASEAN members.

Energy

The implementation of the ASEAN Plan of Action on Energy Cooperation (APAEC) 2010-2015 adopted by the ASEAN Ministers on Energy Meeting (AMEM) in July 2009 is on schedule. To ensure effective implementation of the ASEAN Connectivity Master Plan, AMEM tasked the Senior Officials for Energy to step up efforts for energy connectivity initiatives such as the ASEAN Power Grid and Trans-ASEAN Gas Pipeline.

To achieve the goal of reducing regional energy intensity by at least 8% by 2015 (based on the 2005 level), ASEAN has agreed to undertake an assessment and review of the ASEAN Energy Efficiency and Conservation (EE&C) target as well as develop a systematic plan of action and monitoring to achieve the target.

REGIONAL LINKAGES WITH DIALOGUE PARTNERS

ASEAN Plus One FTAs have provided substantial market access for ASEAN exports to Malaysia's major trading partners, especially the PRC and India. Collaboration has also been enhanced through the ASEAN Plus Three initiatives with the PRC, Japan, and ROK. This indicates that ASEAN is still heavily dependent on trade with countries outside the region.

ASEAN Plus Three (ASEAN+3)

ASEAN+3 continues to be an important vehicle for the building of an East Asian Community. Key initiatives implemented in 2010 were

- the entry into force of the Chiang Mai Initiative Multilateralisation (CMIM);
- the operationalisation of the ASEAN+3 Macroeconomic Research Office (AMRO);
- the establishment of ASEAN+3 Bond Market Forum and the Credit Guarantee and Investment facility; and
- the setting up of the ASEAN+3 Emergency Rice Reserve.

Several cooperation projects and capacity-building programmes were implemented in areas such as transport, energy, telecommunications, trade and investment facilitation, and conformity assessment as provided for in the ASEAN+3 Cooperation Work Plan 2007-2017.

East Asia Summit

The Fifth East Asian Summit in October 2010 in Hanoi, Viet Nam agreed to intensify cooperation in five priority areas: education, finance, energy, disaster management and avian flu prevention. On trade and investments, work is progressing to examine the feasibility of setting up a comprehensive economic partnership in East Asia together with the ASEAN+3 Free Trade Area.

ASEAN-China

ASEAN and the PRC signed the Second Protocol to Amend the Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Co-operation between ASEAN and China at the 17th ASEAN Summit in October 2010. Improvements were made to the OCP. Under the Protocol, companies exporting to or importing from the PRC are now allowed third party invoices as well as the back-to-back preferential certificate of arrangement to enjoy preferential tariff under ACFTA.

Many capacity-building initiatives were implemented under the ASEAN-China Cooperation Fund such as the ASEAN-China Workshop on the OCP and the Forum on SME Development. ASEAN and the PRC are working towards simplifying customs procedures, and enhanced cooperation in inspection and quarantine technical standards. The ASEAN-China Business Portal was established to provide essential information to the business sector on ASEAN-China trade and investment relations.

Negotiations on the second package of commitments under the ASEAN-China Trade in Services Agreement have concluded and a Protocol to incorporate this second package is expected to be signed in August 2011.

The PRC hosted the 7th China-ASEAN Expo in Nanning from 20 to 24 October 2010 to enhance private sector linkages. A total of 101 Malaysian companies and Government agencies participated in this annual exhibition to expand the market for their products as well as to capitalise on investment prospects in the PRC and under the ASEAN-China FTA.

ASEAN-Korea

The 13th ASEAN-Korea Summit in Hanoi in October 2010 adopted the new Plan of Action to Implement ASEAN-Korea Strategic Partnership for Peace and Prosperity 2011–2015. The Summit also renewed its commitment to increase the two-way trade to US$150 billion by 2015 with full implementation of the ASEAN-Korea FTA (AKFTA) in 2010.

A MoU between the Government of Malaysia (MITI) and ROK (Korea Customs Service) on Governing Mutual Administrative Assistance and Cooperation in Origin Certification and Verification under the Agreement on Trade in Goods was signed on 15 November 2010. The MoU objectives are as follows:

- strengthen cooperation in the area of administrative assistance on the process of origin certification and verification;
- work closely on exchange of information to help ensure the effectiveness of origin certification and verification for products subject to preferential tariff treatment;
- provide technical assistance for both Parties to standardise and develop the electronic certification of origin; and
- strengthen capacity building for origin enforcement officials with a view to ensuring fast and precise origin certification.

ASEAN-Japan

ASEAN and Japan commenced negotiations on trade in services and investments under the ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEP). These two agreements scheduled for conclusion in August 2011 are expected to enhance Japanese investments in the region. For Malaysia, since the implementation of AJCEP on 1 February 2009, there has been a significant increase in exports. In 2010, a total of 8,486 Forms AJ valued at RM2,027 million were issued (2009: 4,507 Forms AJ valued at RM1,522 million).

In the Third Dialogue between the ASEAN Secretary General and the Federation of ASEAN Chambers of Commerce and Industry (FJCCIA), several new initiatives were proposed to simplify existing procedures to facilitate trade. These proposals are currently under consideration by the various ASEAN committees. The 4th dialogue will be held in Kuala Lumpur from 8 to 9 July 2011.

ASEAN-India

The ASEAN-India FTA in Goods came into force on 1 January 2010. Negotiations to conclude the agreements on trade in services and investments are on-going. Several issues are still pending and both ASEAN and India have agreed to intensify efforts to conclude the agreements by 2011. To create greater awareness of the FTA, the India-ASEAN Business Summit and Exhibition was held from 2 to 6 March 2011. ASEAN and India have intensified efforts to implement the ASEAN-India Plan of Action (2010-2015) to strengthen ASEAN-India economic cooperation. On a bilateral level, the Malaysia-India Comprehensive Economic Cooperation Agreement was signed on 18 February 2011.

ASEAN-Australia-New Zealand (AANZFTA)

AANZFTA came into force on 1 January 2010. To enhance awareness among the business communities of the two regions, the AANZFTA website *(http://www.aanzfta.asean.org)* was launched during the AANZFTA Business Forum in 2010. Several projects under the AANZFTA Economic Cooperation Support Programme (AECSP) were implemented in 2010 including the following:

- Seminar/Workshop on Chemicals and Plastics Production Process Rules for the AANZFTA Rules of Origin (Chemical Reaction Rule);
- Capacity Building on Monitoring the Utilisation of the AANZFTA Tariff Preferences;
- AANZFTA Outreach and Public Advocacy Workshop;
- Intellectual Property Crime Conference; and
- Workshop on Accession to the Madrid Protocol.

ASEAN-Russia

The Second ASEAN-Russia Summit adopted the Joint Statement in October 2010 to deepen and strengthen the dialogue mechanism between ASEAN and Russia. The Leaders have tasked the ASEAN and Russian Economic Ministers and officials with developing a comprehensive economic cooperation roadmap to enhance ASEAN-Russia cooperation in industry, SME development, R&D and private sector engagement.

ASEAN-United States of America (USA)

One of the key initiatives pursued in 2010 was the ASEAN Economic Ministers mission to Seattle and Washington, USA from 3 to 8 May 2010. The mission was successful in raising the profile of the region among political and business leaders and research institutions in the USA. ASEAN Ministers met with several key leaders including the United States Trade Representative. Several areas of collaboration were identified including trade facilitation, trade and finance, collaboration between EXIM Banks in ASEAN and the USA, and a Government-business dialogue. Besides the mission to the USA, the ASEAN Economic Ministers also met with business leaders from US-ASEAN Business Council in Danang, Viet Nam in August 2010. The Export and Import Bank of the United States signed a co-operation MoU with the chambers of commerce and industry of Malaysia, the Philippines and Singapore.

ASEAN-European Union (EU)

Economic relations between ASEAN and the EU were expected to be further intensified and strengthened with the launch of ASEAN-EU FTA in May 2007. A Joint Committee comprising senior officials was established to work on the modalities, work programme and timelines for the FTA. Six Expert Groups were set up for Services and Establishment/Investment, Rules of Origin, Sanitary and Phytosanitary (SPS) Measures, Technical Barriers to Trade (TBT), Customs and Trade Facilitation, and Dispute Settlement. However, the FTA negotiations were paused at the Seventh Meeting of the Joint Committee, held from 5 to 6 March 2009 in Kuala Lumpur to allow for further reflection on the appropriate format for the negotiations.

OUTLOOK

Economic growth in 2011 within the ASEAN region is expected to remain stable and is forecast to achieve the average regional GDP growth of between 5.5% and 6%. ASEAN has to expeditiously establish the ASEAN Single Window and national and regional trade repository system to facilitate investors and businesses within the region. ASEAN must intensify cooperation in all economic sectors, particularly in enhancing physical connectivity through improved transport policies in the region. Enhanced engagement with the private sector to address their concerns will be critical if ASEAN is to sustain growth in the coming years.

Box Article 10.1: The Pilot Project for the Implementation of a Regional Self-Certification System

Brunei Darussalam, Malaysia and Singapore commenced a pilot project to kick-start the ASEAN Self-Certification System for one year beginning 1 November 2010. Under the Pilot Self Certification Scheme, MITI has allowed 30 authorised manufacturers/exporters to self-declare the country of origin in the commercial invoice for their goods claiming preferential tariffs instead of using the ASEAN Trade in Goods (ATIGA) Form D which has to be endorsed by the issuing authority, which is MITI for Malaysia. The exporters will declare in their invoices that the products exported comply with ATIGA Rules of Origin. The burden of proof that the products are exported under the preferential scheme now lies with the exporter.

The MoU between the Governments of Participating Member States of ASEAN (Brunei, Malaysia and Singapore) on the pilot project for the implementation of a Regional Self-Certification System was signed on 30 August 2010 by the Economic Ministers of the three Participating Member States. Other Member States can accede to the MoU subsequently.

In undertaking self-declaration, manufacturers/exporters are required to state in the invoice the following:
"The Certified Exporter shall, in the case of export of goods, satisfy the origin criteria to include the following declaration on the invoice:
The exporter of the product(s) covered by this document (Certified Exporter No.......) declares that, except where otherwise clearly indicated, the products satisfy the Rules of Origin to be considered as ASEAN Originating Products under ATIGA (ASEAN country of origin: ....) with origin criteria: ...."

Self-Certification reduces not only cost and documentation burden for exporters when claiming preferential tariff treatment but also increases efficiency in shipment of goods. APEC economies already implementing the self-certification scheme include Australia, Brunei, Canada, Chile, Japan, ROK, New Zealand, Peru, Singapore and the USA.

The Self-Certification scheme will be fully implemented by all ASEAN Member States for intra-ASEAN trade by 2012. MITI endorsed 187,627 and 145,422 preferential ATIGA Forms D in 2010 and 2009 respectively. The scheme reduces the workload of the issuing authorities and allows redeployment of officers to other core activities. A programme towards greater awareness is being undertaken to get more companies to be endorsed as authorised exporters.

The Certified Exporters appointed by MITI are subject to the following conditions:

- *the exporter must grant competent authorities access to records for the purpose of monitoring the use of the authorisation and verification of the correctness of declarations made out. Records and accounts must allow for identification and verification of the originating status of goods for which an invoice declaration must have been made out during at least three years from the date of making out the declaration, in accordance with domestic laws and regulations;*
- *the exporter must undertake to make out Invoice Declarations only for goods for which he has all appropriate documents proving the origin status of the goods concerned at the time of making out the declaration;*
- *the exporter must undertake to ensure that the person or persons responsible for making out the Invoice Declarations in the undertaking know and understand the Rules of Origin as laid down in the Agreement; and*
- *the exporter accepts full responsibility for all Invoice Declarations made out on behalf of the company including any misuse.*

When it is suspected that fraudulent acts in connection with the Invoice Declaration have been committed by the Certified Exporter, stern action will be taken to revoke the facility and the exporter will face punitive action as provided for in the Customs Act or other relevant laws in Malaysia.

World Trade
Organization

DOHA
DEVELOPMENT
AGENDA

- *Malaysia is active and committed to DOHA negotiations*

- *Reduction of trade distorting subsidies boosts competitiveness of Malaysian agricultural products in the global market*

CHAPTER

11

DEVELOPMENTS IN THE MULTILATERAL TRADING SYSTEM

OVERVIEW

The World Trade Organization (WTO) is the primary international organisation governing global trade rules in goods and services to ensure fair trade through the Most Favoured Nation (MFN) and national treatment principles. It monitors trade practices and trade rules, handles trade disputes and promotes trade liberalisation through successive rounds of trade negotiations.

The current round of negotiations is the Doha Development Agenda (Doha Round). Despite intensifying efforts to conclude the Round in 2010, progress was limited. The WTO Director-General has proposed a roadmap for conclusion of the Doha Round in 2011 as follows:

- January-April 2011: Issuance of revised texts by the respective Chairs of the negotiating groups;
- April-July 2011: Discussion of trade-offs across negotiating areas;
- July-December 2011: Preparation of schedule of commitments; and
- December 2011: Conclusion and endorsement of final package of modalities.

Key negotiating areas are Agriculture, Non-Agricultural Market Access (NAMA), Services, Trade Facilitation, Environment, Trade-Related Aspects of Intellectual Property Rights (TRIPs), Rules (including Fisheries), Dispute Settlement Understanding (DSU) and Trade and Development.

Besides the Doha Round, WTO's work in 2010 included review of members' trade policies, accession negotiations and regular monitoring of the implementation of WTO agreements.

DEVELOPMENT IN THE KEY AREAS OF NEGOTIATIONS

Agriculture

Negotiations focused on developing templates and identifying the data needed to implement the concessions based on the December 2008 draft modalities which outlined the formula for tariff and subsidies reduction/elimination, and strengthening disciplines on export-financing. Malaysia participated actively in the negotiations to increase market access through reduction of tariffs and non-tariff barriers (NTBs) for products of interest to Malaysia. The reduction of trade-distorting subsidies given to farmers, especially in the developed countries, will increase the competitiveness of Malaysian agricultural products in the global market.

Non-Agricultural Market Access (NAMA)

Negotiations focused on clarifying technical issues and narrowing differences in key areas, especially the liberalisation of selected sectors (sectorals) and NTBs. In sectoral negotiations, members continued to exchange views on the approach to eliminate tariffs beyond the agreed overall formula cuts. Japan proposed the 'basket approach' to split the product coverage into 'baskets' according to product sensitivities, thus allowing more flexibility in addressing members' needs.

Other issues included voluntary participation and Special and Differential (S&D) treatment for developing countries. Of significant interest to Malaysia are the E&E, industrial machinery and toys sectors.

Seven NTB proposals were discussed:

- Facilitation of Solutions to NTBs;
- Trade in Remanufactured Goods;
- Chemical Products and Substances Sector;
- Conformity Assessment Procedures for Automotive Products ;
- Standards, Technical Regulations and Conformity Assessment Procedures;
- Electrical Safety and Electromagnetic Compatibility (EMC) of Electronic Goods; and
- Labelling of textiles, clothing and footwears.

Emphasis was placed on issues relating to international standardising bodies particularly on the designation of specific standardising bodies and specific Conformity Assessment Procedures (CAP). Malaysia actively engaged in all discussions and consultations to narrow the gap in key outstanding areas and remove barriers for products of export interest.

Services

Negotiations focused on achieving higher levels of market access liberalisation, developing disciplines on domestic regulations and rules (covering emergency safeguard, Government Procurement (GP) and subsidies), and special treatment for Least Developed Countries (LDCs).

Bilateral and plurilateral consultations are on-going to increase liberalisation of the services sector. Australia proposed the 'cluster approach' to enhance the level of liberalisation in this sector. Under 'clustering', a range of activities will be liberalised within a particular sub-sector, such as the logistics supply chain involving distributive trade services, transportation services and express delivery. The USA has also introduced a similar concept involving the ICT sector. Members including Malaysia remain open to further discussions on the clustering approach.

Negotiations on rules covering emergency safeguard measures and GP made minimal progress due to divergent views and lack of support. Members continued to exchange information on types of subsidies in services with a view to formulating a definition of subsidies for the services sector.

Negotiations on preferential treatment for LDCs in services progressed well. Members generally agreed to waive the obligation on LDCs to make commitments. However, technical discussions will continue in relation to defining the scope of the waiver.

Trade Facilitation

Negotiations showed considerable progress as Members agreed to three areas of obligations that have to be implemented on the day the Agreement enters into force, upon expiry of an implementation period as determined by individual Members and subject to the receipt of technical assistance and expiry of an implementation period.

Trade-related Aspects of Intellectual Property Rights (TRIPs)

Focus of negotiations:

- establishment of a multilateral register of geographical indications (GIs) for wines and spirits;
- relationship between TRIPs and the Convention on Biological Diversity (CBD);
- extension of the higher level of GI protection accorded to wines and spirits to other products; and
- review of Article 27(3) (b) of TRIPs Agreement, which provides exclusion from patentability for plants and animals variety.

Discussions focused on the technical aspects of the proposed multilateral GI register, particularly relating to its legal effects. Technical work was carried out to clarify certain legal terms in the proposals relating to the GI register and their interpretation in WTO jurisprudence. Progress in TRIPs negotiations was limited as Members were divided in their positions.

Trade and Environment

Environmental services are an important component in trade and environment negotiations. Discussion is at the exploratory stage with a view to enhancing the level of liberalisation of environmental services.

Negotiations focused on liberalising market access for goods and services that are environmentally-friendly through reduction or elimination of tariffs and NTBs. Discussions on the identification of climate goods that directly contribute to reduction of global warming were held. Various approaches to liberalise environmental goods and services were considered but Members remained divided on the best approach to be adopted.

Negotiations continued on the relationship between Multilateral Environment Agreements (MEA) and WTO Agreements, and the observer status of MEA representation in WTO.

Rules

Negotiations, based on the December 2008 draft text, focused on clarifying and improving disciplines under Agreements on Anti-dumping (AD) as well as Subsidies and Countervailing Measures (SCM), including fisheries subsidies and Regional Trade Agreements (RTAs).

Members continued to exchange views on:

- anti-dumping which include zeroing, sunset reviews, lesser-duty rule and public interest provisions;
- scope and definition of prohibited subsidies, actionable subsidies and export credits;
- disciplines on fisheries subsidies to address the problem of overcapacity and overfishing; and
- developing a more transparent and predictable discipline on RTAs.

Dispute Settlement Understanding

Discussion continued on the review of Dispute Settlement Understanding (DSU) based on the draft text circulated in 2008. Although the DSU review is not part of the single undertaking (to conclude negotiations under the Doha Development Agenda at the same time), Members want the review to be completed when the Doha Round is concluded.

TRADE POLICY REVIEW

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

The economies which underwent trade policy reviews included Malaysia, El Salvador, Croatia, Albania, the PRC, Malawi, Chinese Taipei, the USA, Sri Lanka, Papua New Guinea and Hong Kong SAR. Reports of the trade policy reviews are available on the WTO website.

ACCESSION

Currently a total of 30 countries are at various stages of accession to WTO. Countries that are at the advanced stage of the accession process include Russia and Serbia. Both countries have undertaken extensive domestic reforms to align to WTO rules and procedures.

GLOBAL SYSTEM OF TRADE PREFERENCE (GSTP)

GSTP is a preferential trading arrangement to enhance South-South trade through reduction or elimination of import duties between participating countries. The GSTP Agreement entered into force on 19 April 1989 with 48 Members. The First Round and the Second Round of negotiations were concluded in 1986 and 1992 respectively.

On 15 December 2010, the Third Round of negotiations aimed at expanding the scope of GSTP concessions was concluded and signed in Brazil with 11 participating countries including Malaysia, Argentina, India, Indonesia, ROK and Paraguay. Members offered tariff reductions of 20% margin of preference for various products. These concessions are in the process of ratification and a review will be done two years after their implementation.

CAPACITY BUILDING AND OUTREACH PROGRAMMES

Capacity-building programmes undertaken include:

- a regional seminar on the General Agreement on Trade in Services (GATS) and Services Negotiations jointly organised by WTO and ESCAP in Kuala Lumpur;
- e-learning programmes through distance learning modules by WTO; and
- collaborative programmes with institutions of higher learning such as Universiti Teknologi MARA (UiTM), Universiti Putra Malaysia (UPM), University Malaya (UM), Universiti Islam Antarabangsa Malaysia (UIAM) and Universiti Kebangsaan Malaysia (UKM).

These programmes aim to enhance understanding of the principles of global trade rules including areas being negotiated under the Doha Round, and promote intellectual discourse and exchange of views on matters pertaining to international trade among students, lecturers and officials.

OUTLOOK

The Doha Round of negotiations has been given political impetus by G20 and APEC leaders. On 21 April 2011, the WTO Director-General issued reports outlining progress to date in the areas being negotiated. Negotiators have been tasked with working constructively towards the conclusion of the Round. The challenge in 2011 is to ensure the momentum to conclude the Doha Round is sustained as conclusion will provide vast opportunities and predictability for global trade and investment as well as economic growth.

Malaysia remains committed to the multilateral trading system and continues to participate actively in the Doha Round negotiations, as there are benefits to be derived from the multilateral trade liberalisation process. Malaysia will continue to support this process irrespective of when the Doha Round is concluded.


APEC JAPAN 2010

CHAPTER

12

DEVELOPMENTS IN REGIONAL GROUPINGS

- *StatsAPEC provides database on APEC economies*
- *APEC Business Advisory Council (ABAC) accords priority to SME access to global markets*
- *ABAC to ensure financial initiatives inclusive of micro enterprises*

OVERVIEW

Malaysia actively nurtures and strengthens trade and investment linkages as well as technical and economic cooperation through various regional groupings. Its commitment to regional initiatives in trade and economic cooperation is demonstrated by its presence in the Asia Pacific Economic Cooperation (APEC), the Organization of the Islamic Conference (OIC), the Group of Developing Eight (D-8) and the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC).

ASIA PACIFIC ECONOMIC COOPERATION (APEC)

APEC contributed to 77.0% of Malaysia's total trade while Malaysia's total trade with APEC economies increased by 18.7% to RM900.0 billion. APEC economies accounted for RM23.06 billion (79.3%) of approved FDI in the Malaysian manufacturing sector and the major APEC investors included the USA, Japan and Hong Kong SAR.

Held in Japan with the theme of 'Change and Action', APEC 2010 focused on advancing regional economic integration, developing the APEC Growth Strategy, enhancing human security, strengthening economic and technical cooperation (ECOTECH), reducing regional disparities among economies and contributing to sustainable growth.

Malaysia participated actively in APEC 2010 meetings. The Deputy Prime Minister led the Malaysian delegation to the 18th APEC Economic Leaders' Meeting (AELM) in Yokohama, Japan. The Minister of International Trade and Industry participated in the 22nd Minister Responsible for Trade Meeting (MRT) in Sapporo, Japan. Malaysia also engaged in the 22nd APEC Ministerial Meeting (AMM), 17th APEC Small and Medium Enterprise Ministerial Meeting, Ninth Energy Ministerial Meeting, Human Resource Development Ministerial Meeting, Sixth Tourism Ministerial Meeting, 17th APEC Finance Ministers' Meeting, First Ministerial Meeting on Food Security and the Ministerial Meeting on Telecommunications and Information Industry.

As the Bogor Goals seek to achieve free and open trade and investment in the Asia Pacific for industrialised economies by 2010 and for developing economies by 2020, a total of 13 economies including Malaysia were assessed on their achievement of these goals.

Highlights of APEC 2010

Advancing Doha Development Agenda Negotiations

At MRT, AMM and AELM, Malaysia expressed concern that the Doha Round of negotiations had continued for too long since 2001 and missed a number of deadlines, which did not augur well for the multilateral trading system. While Malaysia recognised the complexities of the issues being negotiated and the divergent interests of Members, it felt that WTO should strive to find creative solutions to conclude the Doha Round as soon as possible.

Recognising that 2011 offered a window of opportunity to conclude the Doha Round, APEC economies agreed to empower their representatives in Geneva to further engage in comprehensive negotiations urgently.

Resisting Protectionism

Malaysia highlighted that despite adverse market conditions, it had undertaken prudent measures to facilitate trade and improve competitiveness in the business environment. It called on economies to keep their markets open and resist all forms of protectionist pressure.

As open markets are vital for strong, sustainable growth and employment creation particularly after the global financial crisis of 2009, economies pledged to keep their markets open and resist all forms of protectionism.

The report on the Key Trends and Developments Relating to Trade and Investment Measures and Their Impact on the APEC Region noted a decline in trade-restricting/distorting measures and a marked increase in the number of new measures to facilitate trade. APEC economies agreed to refrain from raising new barriers to investments or trade in goods and services, or impose new export restrictions until the end of 2013.

Bogor Goals Assessment

The five industrialised economies, namely Australia, Canada, Japan, New Zealand and the USA were assessed on their achievement of the Bogor Goals. The assessment covered tariffs, non-tariff measures, services, investment, standards and conformance, customs procedures, intellectual property rights and trade facilitation, among others. Eight developing economies, namely Chile, Hong Kong SAR, ROK, Mexico, Peru, Singapore, Chinese Taipei and Malaysia voluntarily participated in the assessment.

Key findings of the assessment:

- The average MFN-applied tariffs across the APEC region were reduced from 16.9% in 1989 to 6.6% in 2008. Malaysia's simple average MFN applied tariff was 7.4% in 2009.
- The zero-tariff product lines in the APEC region rose to 40% in 2008 from 29% in 1996. A total of 60.3% of Malaysia's tariff lines were zero in 2009.
- The non-tariff barriers (NTBs) were also reduced across the region.
- The nominal value of trade in commercial services of the APEC region (1994-2009) increased at an annual rate of 7% reaching a total of US$2.4 trillion.
- The export of goods and services comprised 26.5% of GDP for APEC economies in 2008 compared to 15.7% in 1994 while the import of goods and services increased to 27.4% as a share of GDP from 16% over the same period. Malaysia's export of goods and services as a share of GDP was 89.2% in 1994 and 107.4% in 2009 while import of goods and services as a share of GDP was 90.8% in 1994 and 93.8% in 2009.
- In terms of investment,
    - FDI inflows into the APEC region increased by 13% per year reaching US$804.9 billion in 2008 but dropped to US$440.4 billion in 2009 due to the global financial crisis;
    - FDI outflows grew by 12.7% annually from 1994 reaching a peak of US$785.2 billion in 2008 but decreased to US$579.7 billion in 2009; and
    - Malaysia's FDI inflows in 2008 accounted for US$7.3 billion or 1% of APEC's total FDI inflows but dropped to US$1.4 billion or 0.3% in 2009. Malaysia's FDI outflows in 2008 accounted for US$14.9 billion or 1.9% of APEC's total FDI outflows but declined to US$8 billion or 1.4% in 2009.
- In terms of economic growth, real GDP in the APEC region grew by 54% between 1994 and 2008, contributing to 62% of world growth over this period, while Malaysia's real GDP increased by 105.9%.
- From 1994 to 2008, real GDP per capita in the APEC region and in Malaysia increased by 37% and 53.2% respectively.

Despite the progress made, the assessment noted that barriers such as high tariffs on clothing, textiles and agricultural products still remained, as did restrictions in the services sector such as those found in the financial services and telecommunications sub-sectors. The movement of business people was the most restricted among the four modes of service supply.

On investment, economies still maintained to varying degrees, sectoral investment restrictions such as prohibitions or capital ceilings in certain sectors. Trade facilitation and the ease of doing business could be further improved in the areas of standards and conformance and customs procedures as well as through addressing 'behind-the-border' issues by facilitating structural reform.

At AMM and AELM, Malaysia stressed the importance of sustaining trade flows and called on APEC to undertake concrete action to reduce tariff peaks and non-tariff barriers in a systematic and coordinated manner. Non-tariff measures should be transparent and the standards imposed not burdensome to trade. Malaysia also called on APEC to accord priority to the services sector to enhance the domestic capacity of economies to participate in the liberalised environment.

StatsAPEC

A new statistics portal, *'StatsAPEC'* was launched to provide a consolidated and extensive database on APEC economies. It can be accessed at *http://statistics.apec.org/* and is made up of two databases:

- Key Indicators Database, which includes more than 120 trade, financial and socio-economic indicators to facilitate detailed analysis of trends in the APEC region; and
- Bilateral Linkages Database, which facilitates detailed analysis of trade and investment flow within APEC and between APEC and the world.

Free Trade Area of the Asia Pacific (FTAAP)

APEC economies agreed to take concrete steps to realise FTAAP to further the regional economic integration agenda. FTAAP will be pursued outside the ambit of APEC as a comprehensive FTA by developing and building on existing regional initiatives such as ASEAN+3, ASEAN-6 and the TPP.

Malaysia highlighted that regional economic integration should be undertaken in an incremental manner that considered the level of development and sophistication of economies. A region-wide FTA should emphasise cooperation; treat liberalisation as a means of promoting economic growth and not as an end in itself; and reflect, not contradict, international consensus in areas such as health, financial stability and environmental protection.

Investment

Initiatives implemented:

- APEC Strategy for Investment, which provides a framework for guiding future investment work in the areas of facilitation, promotion and investment principles;

- Investment Facilitation Action Plan (IFAP), which has achieved significant progress in the areas of e-transparency, reducing investor risk and simplifying business regulation; and
- APEC Guide to Investment Regimes e-portal to provide key investment information across APEC economies.

Services

Initiatives:

- promoting cross-border trade in services in new areas such as legal services, accounting services and environmental services; and
- the APEC Pilot Services Database for the five key services sectors of financial services, mining and energy services, transport and logistics services, professional services and telecommunications services is being planned for implementation in 2011. It will contain information on services market access and behind-the-border regulatory requirements affecting market entry for trade in services.

Supply-chain Connectivity

The APEC Supply-chain Connectivity Framework and Action Plan, whose objective is to address the identified priority chokepoints in regional supply chains, has been finalised. This is to achieve an APEC-wide target of a 10% improvement in supply-chain performance by 2015 by reducing time, cost and uncertainty.

Other initiatives:

- a study on 'Economic Impact of Enhanced Multi-modal Connectivity in the APEC Region';
- APEC website on the 'Transparency for Ease of Doing Logistics Business' *(http://www.logistics.apec.org)* which acts as a repository for information on logistics regulations;
- APEC Guidelines for Advanced Rulings on tariff classification, origin and/or valuation to provide for increased certainty and predictability of moving goods throughout the region; and
- establishment of the Single Window system in each member economy, which is in progress.

Technical Barriers to Trade

APEC continued to promote greater alignment on standards, labelling and conformity assessment procedures to support innovation, safety and security. Initiatives taken include establishing a regulatory cooperation mechanism on trade-related standards and technical regulations to promote upstream cooperation between regulators and trade officials on emerging regulatory issues to prevent unnecessary technical barriers.

Digital Economy

Malaysia is participating actively in the APEC Digital Opportunity Centre (ADOC) project which aims to reduce the digital divide in the region. In 2010, 45 ADOC centres were operating in nine APEC participating economies. In Malaysia, ADOC centres were established in Kampung Gadek in Melaka and Guntung Luar in Setiu, Terengganu to increase ICT literacy among the rural community.

In 2011, two additional centres to enhance ICT skills of micro and small entrepreneurs will be established at MITI and SME Corp. Malaysia.

Other initiatives:

- establishment of APEC Cross-border Privacy Enforcement Arrangement as a mechanism for Privacy Enforcement Authorities to share information and provide assistance for cross-border data privacy enforcement; and
- on-going work to advance the APEC goal of achieving access to next generation high speed broadband by 2020 as a means of promoting knowledge-based economies in the region.

Intellectual Property Rights (IPRs)

APEC launched the online tool *http://intellectualpropertyexplorer.com/* to enable SMEs to have a better understanding of intellectual property (IP) in their respective businesses and the strategies that could be applied to capitalise on their intangible assets. This online tool is free, secure and simple, and contains a series of interactive diagnostic questions designed to review each business IP.

To facilitate patent users, APEC has established a one-stop website. Users download forms and submit requests to an IP Office to conduct an examination by referring to the results of previous searches and examinations carried out by another IP Office. APEC also launched the Intellectual Property Academy Collaborative Initiative (iPAC initiative), which involves the setting up of a web-based platform to facilitate effective information sharing and dissemination among IP Academies.

Environmental Goods and Services (EGS)
Work under the APEC EGS Programme Framework continued with the updating of the mapping exercise to identify relevant work streams, forums and activities currently underway in APEC. Work will be undertaken to advance utilisation of EGS, reduce barriers to trade and investment in EGS and enhance the capabilities of economies to develop their EGS sectors.

To promote greater transparency, information-sharing, collaboration and dissemination of EGS, the EGS Information Exchange (EGSIE) website, *http://egs.apec.org/* will be continually updated. Case studies on the EGS sector of APEC economies will be conducted to increase understanding of EGS and contribute to enhanced capacity through improved domestic EGS frameworks. The first case study was conducted on Malaysia's EGS sector in September 2010.

Rules of Origin (RoO)
APEC conducted an analysis on preferential RoO in FTAs of member economies and will work on simplifying RoO documents and procedures. To promote further understanding of the APEC Self-certification of Origin Pathfinder initiative, capacity-building programmes were implemented or planned for 2010/2011. These workshops allow economies to share experiences, commonly adopted policy mechanisms and strategies to overcome implementation challenges, best practices for confidence building and risk management. The first workshop was conducted in Kuala Lumpur from 11 to 12 October 2010.

To provide links to information on preferential tariffs and RoO of APEC economies, a website on Tariffs and RoO (WebTR) has been launched.

Improving the Business Environment
APEC implemented seven capacity-building programmes through the Ease of Doing Business Action Plan in five priority areas: Starting a Business, Getting Credit, Trading Across Borders, Enforcing Contracts and Dealing With Permits. The Plan sets an APEC-wide target of making it 25% cheaper, faster and easier to do business within the APEC economies by 2015, and achieving a 5% improvement by 2011. A total of 16 participants from the Malaysian Government and the private sector participated in these APEC capacity-building programmes.

STRUCTURAL REFORM

APEC continued to make progress in the Leaders' Agenda to Implement Structural Reform (LAISR) with emphasis on five themes: regulatory reform, strengthening economic and legal infrastructure, corporate governance, public sector governance and competition policy. Other achievements included:

- APEC Economic Policy Report on corporate governance, sustainable economic growth and legal and institutional foundations of corporate governance in APEC economies, which is available on APEC's portal;
- 'Taking Stock of the Progress in the LAISR Initiative and Structural Policies in APEC Economies' Report; and
- APEC New Strategy for Structural Reform (ANNSR), which focuses on Competition Policy, Corporate Law and Governance, Ease of Doing Business, Public Sector Governance and Regulatory Reform.

SUSTAINING GROWTH AND PROSPERITY IN THE REGION

Leaders adopted the APEC Growth Strategy (2011-2015) to provide a comprehensive long-term framework to promote high-quality growth in the region. This Strategy is a guide for APEC's work programmes based on balanced, inclusive, sustainable, innovative and secure growth.

The implementation of the APEC Growth Strategy will complement Malaysia's reform initiatives through Government and economic transformation programmes aimed at achieving inclusive and sustainable growth. Malaysia will accord priority particularly to regulatory reform, human resource and entrepreneurship development and green growth.

INDUSTRY DIALOGUES

Chemical Dialogue
The Chemical Strategic Framework for 2010-2012 was endorsed. Its objective is to enhance understanding of the chemical industry as a solutions industry to address issues such as increasing energy efficiency, reducing greenhouse gases and improving food security. Other initiatives include the continuous updating of the overall status of the implementation of the Globally Harmonised System (GHS) and the GHS Reference Exchange and Tool (GREAT) project.

Automotive Dialogue
Issues reviewed included green vehicle technologies, harmonisation of technical standards and future direction. APEC members agreed to consider the use of tariff shift and/or as appropriate, one of the two basic regional value content models as the pathfinder on automotive RoO.

SECTORAL INITIATIVES

Eight sectoral ministerial meetings relating to energy, human resource development, tourism, SME, oceans-related, telecommunications and information, food security and finance were held. APEC implemented work programmes on specific issues pertaining to counter-terrorism, health security and food security. Key highlights of these meetings and specific issues are available on the APEC website, *http://www.apec.org.*

ECONOMIC AND TECHNICAL COOPERATION (ECOTECH)

APEC implemented 44 ECOTECH capacity-building projects, with participation by 74 members of the Malaysian public and private sectors in different programmes. Six of these programmes were organised in Malaysia:

- APEC Workshop on Self-Certification of Origin (11-12 October);
- 34th APEC Expert Group Meeting on New and Renewable Energy Technologies (EGNRET) (26-27 April);
- APEC Conference: SME Development and Financing at the Threshold of the Next Decade - Review, Re-strategise, Revamp (16 July);
- the Asia-Pacific Trade Facilitation Forum: Trade Facilitation for Regional Connectivity: Advancing Paperless Trade (5-6 October);
- APEC Workshop on Enhancing Food Security through A Regional Approach and Wide Stakeholder Participation in Plant Bio-security (1-3 December); and
- APEC Financial Regulators Training Initiative: Market Supervision (Securities) (13-17 December).

APEC BUSINESS ADVISORY COUNCIL (ABAC)

The ABAC 2010 theme was 'Working Towards Sustainable Growth for All'. Key recommendations of ABAC with Leaders, Yokohama:

- re-commit to achieve the Bogor Goals and develop a new vision for economic integration;
- make progress to achieve FTAAP and identify business priorities in FTAs; and
- resist protectionism and conclude the Doha Development Agenda.

ABAC Malaysia reiterated the importance of SME participation in high growth areas and that SME access to global markets should be given greater priority by APEC to ensure stronger growth and development of SMEs including micro enterprises. Malaysia highlighted that SME capacity-building programmes and financial assistance in APEC should also include micro enterprises. It suggested adopting more flexibility and less regulatory compliance to encourage the development of micro enterprises and encouraged ABAC to ensure financial initiatives were inclusive of micro enterprises.

ORGANIZATION OF THE ISLAMIC CONFERENCE (OIC)

Malaysia continued its active role in OIC. It participated in the 26th Session of The Standing Committee for Economic and Commercial Cooperation (COMCEC) among other meetings, and was actively involved in the development of the OIC Halal Food Standards and Procedures. OIC contributed 10.4% to Malaysia's total trade in 2010 while Malaysia's total trade with OIC economies increased by 20.0% to RM121.74 billion from RM101.37 billion in 2009.

26th Session of COMCEC, Istanbul, Turkey (5-8 October 2010)
This Session reviewed the implementation of the OIC Ten-year Programme of Action (TYPOA) to address challenges faced by OIC Member States in the 21st century. Malaysia's initiatives under TYPOA include capacity-building programmes focusing on poverty alleviation and strengthening economic development.

Trade Preferential System among OIC Member States (TPS-OIC)
TPS-OIC is an instrument to achieve the intra-OIC merchandise trade target growth of 20% by 2015 and the preferences provided include tariff and non-tariff concessions. TPS-OIC will be in operation after the Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS) and the TPS-OIC Rules of Origin (TPS-OIC RoO) are ratified by at least 10 OIC Member States. Nine OIC members including Malaysia have undertaken the ratification process.

OIC Halal Food Standards and Procedures

The Statute for the Standards and Metrology Institute for Islamic Countries (SMIIC) entered into force on 27 May 2010 after ratification by 12 OIC Member States, thus making SMIIC an affiliated organ of OIC. Ratifying Member States are Algeria, Cameroon, Guinea, Jordan, Libya, Mali, Morocco, Pakistan, Somalia, Sudan, Tunisia and Turkey.

However, Malaysia and other Member States including the UAE, Saudi Arabia and Egypt expressed strong reservations about appointing SMIIC as the implementing body for OIC standards for these reasons, among others:

- SMIIC is too new to implement OIC standards. OIC Member States are sceptical of its capability to develop and harmonise Halal standards, certification and accreditation as well as cover all standards, certifications and accreditations within the infrastructure that already exists in OIC Member States; and
- the ratification of SMIIC by only 12 Member States and the entry into force of the SMIIC does not indicate comprehensive representation of the other 47 OIC Member States.

It was proposed to postpone the discussion on SMIIC as Member States needed further clarification on its scope, work plan and details of its implementation mechanism on the OIC Halal Food System.

Malaysia also participated in the 10th Meeting of the Standardisation Expert Group (SEG). The meeting highlighted the need for OIC SEG to clarify the pending technological issue and submit detailed proposals for the implementation mechanism of the OIC Halal Food System.

THE GROUP OF DEVELOPING EIGHT (D-8)

The Seventh D-8 Summit (8 July 2010)

The Deputy Prime Minister led the Malaysian delegation to the Seventh D-8 Summit in Abuja, Nigeria during which Malaysia handed over the D-8 Chairmanship to Nigeria. He highlighted the initiatives taken to revitalise the D-8 during Malaysia's tenure as Chairman:

- establishment of the D-8 Secretariat, the D-8 Road Map for Economic and Social Cooperation (2008-2018) and the D-8 10-Year Plan of Action;
- adoption of the List of Priority Areas of Cooperation, which includes trade, agriculture and food security, industrial cooperation and SMEs;
- hosting of the inaugural D-8 Ministerial Meeting on Food Security in Kuala Lumpur to enhance cooperation in agriculture projects to address the issue of food security. The D-8 endorsed the Kuala Lumpur Initiative to strengthen collaboration in production and distribution of quality input particularly for seed, animal feed and fertilisers, as well as the agreement to establish a Joint Venture Fertiliser Complex in Egypt;
- signing of three agreements:
    - Simplification of Visa Procedures for Businessmen of the D-8 Member States;
    - Preferential Trade Agreement amongst D-8 Member States; and
    - Multilateral Agreement on Administrative Assistance in Customs Matters.

The 11th Meeting of the High Level Trade Officials (HLTO) of D-8 Member States (9-10 October 2010)

Malaysia attended this meeting in Istanbul, Turkey, which discussed the Preferential Trade Agreement (D-8 PTA), RoO for the D-8 PTA and ways to boost intra-trade of D-8 member states. D-8 contributed 6.2% to Malaysia's total trade in 2010 while Malaysia's total trade with D-8 economies increased by 21.9% to RM71.9 billion from RM59.0 billion in 2009.

Key outcomes of the 11th Meeting of HLTO:

- D-8 PTA: all D-8 member countries presented their Offer Lists. Members were requested to revise their offer lists based on Malaysia's format.
- D-8 Rules of Origin (RoO): members agreed to consider having more rules in addition to the Value Added Rule of 40% local content.
- D-8 Member States were urged to address issues on trade financing, transportation, non-tariff barriers and trade facilitation including ratification of D-8 Agreements.

The Fifth Working Group on Industrial Cooperation (WGIC) Meeting (28 February 2010 - 1 March 2010) and the First D-8 Ministerial Meeting on Industry (2 March 2010)

Malaysia participated in both these meetings in Tehran, Islamic Republic of Iran. The Fifth WGIC initiated discussions on the D-8 WGIC Plan of Action on Cooperation on Industry. Further discussions on the D-8 WGIC Plan of Action will continue at WGIC meetings scheduled for 2011 in Turkey.

The First D-8 SMEs Governmental Bodies Meeting (7 December 2010)
Malaysia participated in this meeting in Tehran, Islamic Republic of Iran which agreed to the following:

- a Communication Network to undertake coordination, follow-up, implementation of agreements and planning the next meeting of D-8 SMEs Governmental Bodies in collaboration with D-8 Member States and D-8 Secretariat;
- a common brand (co-branding) to assist SMEs' access to markets through establishment of marketing and sales centres in D-8;
- a Legal Entity to guarantee international investment, insurance, mitigating vulnerability of SMEs and financial risks resulting from joint-ventures between SMEs/SMIs of D-8 Member States; and
- allocating a part of existing/new Industrial Park for SMEs that are doing international activities or businesses.

OUTLOOK

APEC will focus on strengthening regional economic integration, expanding trade, promoting green growth, expanding regulatory cooperation and advancing regulatory convergence. Programmes to be undertaken include work to define, shape and address next generation trade and investment issues; reducing non-tariff barriers to trade; adopting policies and regulations that foster innovation and promote the use of ICT; improving supply chain connectivity; advancing structural reform; and making it cheaper, easier and faster for businesses, particularly SMEs to trade in the region.

Malaysia supports APEC's priorities for 2011, which are in line with Malaysia's national agenda and complement efforts to propel the economy to the next level. Areas of interest include structural reform, behind-the-border initiatives, on-going sectoral initiatives, green growth particularly low-carbon technology, environmental goods and services, innovation and the use of ICT, SMEs and entrepreneurship development as well as supply chain connectivity.

Malaysia will take the lead in promoting entrepreneurship development especially among young entrepreneurs. The APEC Young Entrepreneurs' Forum, a springboard for developing and nurturing entrepreneurial culture and spirit among the youth as well as helping them identify potential business opportunities for mutual collaboration, will be organised.

The OIC and D-8 will continue to ensure their agendas on economic cooperation and trade enhancement among Member States remain the primary focus. They will continue to focus on liberalisation of trade in goods among respective member countries through PTAs, the main instruments to increase intra-trade under the respective action plans.

Malaysia will continue to use these regional economic groupings as platforms to strengthen and promote its economic interest while contributing to the progress and prosperity of the groupings' Members.

Box Article 12.1: APEC Case Study on Malaysia's Environmental Goods and Services Industry (September 2010)

Aims

- *to identify environmental goods and services (EGS) that contribute to climate change mitigation and lead to sustainable economic development; and*
- *to better understand the key characteristics of marketplaces by assessing domestic market situations, including key policies and market drivers as well as challenges facing the uptake and dissemination of EGS and the growth of the domestic EGS market.*

The study examined the market segments of traditional or core EGS segments in equipment and services as well as emerging segments comprising renewable energy projects, energy efficiency services and equipment.

Key features of the EGS industry in Malaysia in 2009

- *Relatively well-structured and vibrant, the industry generated RM7.06 billion revenue (1.38% of GDP) and employed around 29,700 workers in about 2,700 private companies.*
- *Emerging segments (principally export-driven solar energy equipment) accounted for RM3.76 billion revenue. The total revenue for EGS and emerging segments was RM10.8 billion (2.1% of GDP) and photovoltaic solar cells accounted for 8% of global production.*
- *The largest contributors to revenue and employment were environmental infrastructure service companies comprising water utilities, wastewater treatment and waste management which accounted for 76% of total EGS revenue while equipment segments totalled 19% of the EGS market.*
- *Imports were declining and exports increasing in water treatment equipment, air filtration equipment and waste management equipment.*
- *Environmental consulting and engineering (C&E) firms were involved in almost every client sector as front-end analysis providers; designers and specifiers of solutions and technology; and construction and civil engineering project managers.*
- *Malaysian environmental C&E firms (SMEs) have evolved rapidly to a level of competency in the past decade.*

Key drivers of the Malaysian environmental market were federal laws and regulations; self-imposed international standards of multinational corporations; federal, state and local Government programmes; and the demand for and provision of basic environmental infrastructure services.

There were no significant barriers to the import of environmental equipment or the establishment of local service subsidiaries. Import duties on environmental equipment ranged from 0% to 10%. Awareness and enforcement of regulations and standards were inadequate and inhibited the development of the EGS industry.

R&D in environmental technology lacked coordination and was primarily led by local research institutions with minimum private involvement. The small Malaysian firms had limited ability to invest in R&D or develop a large marketing network. Environmental companies, testing laboratories and monitoring services firms generally hired locally-educated technical staff while in C&E and energy development, most of the technical staff were trained overseas.

EGS sectors with the best growth opportunities

- *green technology and energy efficiency such as LED lighting, photovoltaic, biomass and waste management;*
- *supply of wastewater treatment systems, monitoring equipment, wastewater recycling equipment, sludge dryers and industrial purification systems;*
- *supply of municipal sewerage treatment plant and equipment;*
- *waste minimisation technologies, hazardous waste recycling and disposal and bioremediation technologies;*
- *oil reclamation technology to recover used oil from industries and ship-based sludge;*
- *vehicle emission-monitoring equipment, industrial air scrubbers, stack emission analysers and control equipment, dust collectors, indoor air pollution control systems and air-monitoring equipment for power generation stations and boiler plants; and*
- *environmental auditing and management systems.*

The full report on the EGS case study is available on MITI's portal.

ORGANISATIONS AND GROUPINGS - MEMBERSHIP

Organisation/ Grouping	Member Countries/Economies
APEC	Australia, Brunei Darussalam, Canada, Chile, Hong Kong SAR, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, PRC, Peru, Philippines, ROK, Russia, Singapore, Taiwan, Thailand, USA and Viet Nam.
ASEAN	Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.
ASEAN-CER	ASEAN, Australia and New Zealand.
CEFTA	Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovak Republic and Slovenia.
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, St. Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Seychelles, Sierra Leone, Singapore, Solomon Islands, South Africa, Sri Lanka, Swaziland, Tanzania, Tonga, Trinidad and Tobago, Tuvalu, Uganda, UK, Vanuatu, Western Samoa and Zambia.
D-8	Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey.
EAEC	ASEAN, Japan, PRC and ROK.
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 UK.
G-15	Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Iran, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Peru, Sri Lanka, Senegal, Venezuela and Zimbabwe.
GCC	Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE.
IOR-ARC	Australia, Bangladesh, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, UAE and Yemen.
MERCOSUR	Argentina, Brazil, Paraguay, Uruguay and Venezuela.
NAFTA	Canada, Mexico and USA.
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, ROK, 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, UAE, Uzbekistan, Vanuatu, Venezuela, Viet Nam, Yemen, Zambia and Zimbabwe.
OECD	Austria, Australia, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, ROK, Slovak Republic, Spain, Sweden, Switzerland, Turkey, UK 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, UAE, Uzbekistan and Yemen.
SAARC	Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.
SADC	Angola, Botswana, Democratic Republic of Congo, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, 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, Central African Republic, Chad, Chile, 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, EU, 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, Latvia, Lesotho, Liechtenstein, Lithuania, Luxembourg, Macau, Macedonia, Madagascar, Malawi, Malaysia, Maldives, Mali, Malta, Mauritania, Mauritius, Mexico, Moldova, Mongolia, Morocco, Mozambique, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, PRC, Peru, Philippines, Poland, Portugal, Qatar, Romania, ROK, 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, Spain, Sri Lanka, Suriname, Swaziland, Sweden, Switzerland, Taiwan, Tanzania, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, Uganda, UAE, UK, USA, Uruguay, Venezuela, Viet Nam, Zambia and Zimbabwe.

Compiled by MITI

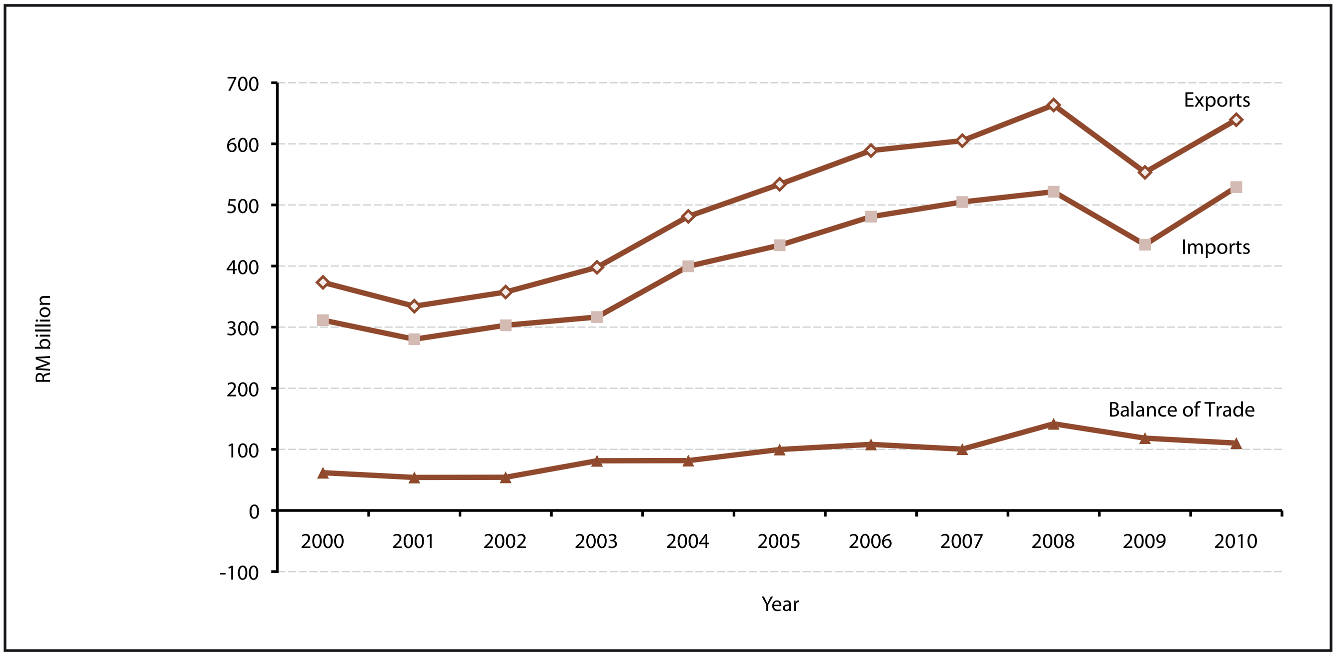
STATISTICAL TABLES - TRADE

Table 1: Annual Trade, 2000-2010

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	1,168,622.7	639,428.1	529,194.6	110,233.6

Source: DOSM

Chart 1: Annual Trade, 2000-2010



Source: DOSM

Table 2: **Trade with Major Trading Partners, 2009-2010**

Country	2010							2009						
	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	**1,168,622.7**	**100.0**	**639,428.1**	**100.0**	**529,194.6**	**100.0**	**110,233.6**	**987,187.9**	**100.0**	**552,518.1**	**100.0**	**434,669.8**	**100.0**	**117,848.3**
PRC	147,027.9	12.6	80,595.1	12.6	66,432.9	12.6	14,162.2	128,384.2	13.0	67,358.5	12.2	61,025.7	14.0	6,332.9
Singapore	145,872.9	12.5	85,430.0	13.4	60,443.0	11.4	24,987.0	126,368.2	12.8	77,009.1	13.9	49,359.1	11.4	27,650.0
Japan	132,840.1	11.4	66,294.5	10.4	66,545.6	12.6	-251.1	107,661.8	10.9	53,345.5	9.7	54,316.4	12.5	-970.9
USA	117,263.7	10.0	60,958.4	9.5	56,305.3	10.6	4,653.2	109,644.7	11.1	60,811.2	11.0	48,833.5	11.2	11,977.7
Thailand	67,166.5	5.7	34,188.9	5.3	32,977.6	6.2	1,211.3	56,106.9	5.7	29,808.2	5.4	26,298.7	6.1	3,509.5
ROK	52,886.0	4.5	24,196.5	3.8	28,689.5	5.4	-4,493.0	40,449.8	4.1	20,317.6	3.7	20,132.1	4.6	185.5
Indonesia	47,503.6	4.1	18,106.1	2.8	29,397.6	5.6	-11,291.5	40,254.5	4.1	17,235.5	3.1	23,019.1	5.3	-5,783.6
Hong Kong SAR	45,226.8	3.9	32,543.5	5.1	12,683.3	2.4	19,860.3	39,924.4	4.0	29,113.1	5.3	10,811.3	2.5	18,301.8
Taiwan	44,015.0	3.8	20,183.8	3.2	23,831.2	4.5	-3,647.3	32,989.4	3.3	14,519.9	2.6	18,469.4	4.2	-3,949.5
Germany	38,688.7	3.3	17,346.5	2.7	21,342.2	4.0	-3,995.7	33,265.1	3.4	14,853.9	2.7	18,411.2	4.2	-3,557.4
Australia	34,218.2	2.9	24,017.3	3.8	10,201.0	1.9	13,816.3	29,670.7	3.0	20,190.4	3.7	9,480.3	2.2	10,710.1
India	28,937.6	2.5	20,959.2	3.3	7,978.4	1.5	12,980.9	25,178.3	2.6	17,305.9	3.1	7,872.4	1.8	9,433.5
Netherlands	23,616.5	2.0	20,218.5	3.2	3,398.0	0.6	16,820.5	22,046.4	2.2	18,524.7	3.4	3,521.7	0.8	15,002.9
Philippines	21,311.9	1.8	10,002.7	1.6	11,309.3	2.1	-1,306.6	10,962.0	1.1	6,955.8	1.3	4,006.2	0.9	2,949.6
UAE	19,802.0	1.7	12,196.0	1.9	7,605.9	1.4	4,590.1	16,146.4	1.6	10,033.0	1.8	6,113.4	1.4	3,919.7
Viet Nam	19,755.5	1.7	11,406.7	1.8	8,348.8	1.6	3,057.9	15,514.6	1.6	8,287.4	1.5	7,227.2	1.7	1,060.3
France	13,367.2	1.1	7,109.4	1.1	6,257.9	1.2	851.5	12,506.4	1.3	5,448.2	1.0	7,058.2	1.6	-1,610.1
UK	13,033.5	1.1	7,197.9	1.1	5,835.6	1.1	1,362.2	13,079.0	1.3	7,082.3	1.3	5,996.7	1.4	1,085.6
Saudi Arabia	9,325.0	0.8	2,875.2	0.4	6,449.8	1.2	-3,574.6	6,770.5	0.7	2,862.3	0.5	3,908.2	0.9	-1,045.9
Italy	7,997.1	0.7	3,449.3	0.5	4,547.9	0.9	-1,098.6	7,215.7	0.7	2,821.4	0.5	4,394.3	1.0	-1,572.9
Pakistan	7,991.3	0.7	7,515.3	1.2	475.9	0.1	7,039.4	6,247.9	0.6	5,722.1	1.0	525.8	0.1	5,196.3
Brazil	6,620.4	0.6	2,725.6	0.4	3,894.8	0.7	-1,169.2	5,541.6	0.6	2,243.1	0.4	3,298.5	0.8	-1,055.4
Mexico	6,452.0	0.6	5,587.4	0.9	864.5	0.2	4,722.9	5,464.4	0.6	4,303.8	0.8	1,160.6	0.3	3,143.2
Canada	5,994.0	0.5	3,129.9	0.5	2,864.0	0.5	265.9	5,037.9	0.5	2,763.8	0.5	2,274.1	0.5	489.7
South Africa	5,360.2	0.5	2,790.2	0.4	2,570.0	0.5	220.2	3,954.9	0.4	1,983.4	0.4	1,971.6	0.5	11.8
New Zealand	4,963.4	0.4	2,994.0	0.5	1,969.3	0.4	1,024.7	3,560.7	0.4	1,916.7	0.3	1,644.0	0.4	272.7
Egypt	4,878.8	0.4	4,506.1	0.7	372.8	0.1	4,133.3	2,976.4	0.3	2,848.7	0.5	127.7	neg.	2,721.0
Costa Rica	4,269.3	0.4	137.2	neg.	4,132.0	0.8	-3,994.8	2,791.3	0.3	124.8	neg.	2,666.4	0.6	-2,541.6
Switzerland	4,204.4	0.4	849.0	0.1	3,355.4	0.6	-2,506.4	4,754.7	0.5	2,043.8	0.4	2,710.9	0.6	-667.0
Ireland	4,159.6	0.4	626.1	0.1	3,533.4	0.7	-2,907.3	4,372.1	0.4	917.1	0.2	3,455.0	0.8	-2,537.8
Bangladesh	4,136.4	0.4	4,050.5	0.6	85.8	neg.	3,964.7	2,903.4	0.3	2,828.0	0.5	75.4	neg.	2,752.6
Iran	4,009.7	0.3	2,730.5	0.4	1,279.2	0.2	1,451.4	3,538.4	0.4	2,400.8	0.4	1,137.7	0.3	1,263.1
Belgium	3,910.6	0.3	1,904.5	0.3	2,006.1	0.4	-101.5	3,186.6	0.3	1,606.4	0.3	1,580.2	0.4	26.2
Argentina	3,897.0	0.3	619.3	0.1	3,277.7	0.6	-2,658.4	2,662.0	0.3	457.3	0.1	2,204.7	0.5	-1,747.3
Russia	3,501.4	0.3	2,183.8	0.3	1,317.6	0.2	866.3	2,797.2	0.3	1,875.3	0.3	921.8	0.2	953.5

Note: neg. - negligible
Source: DOSM

Table 3: Major Export Destinations, 2009-2010

Country	Imports				
	2010			2009	
	RM million	Share (%)	Change (%)	RM million	Share (%)
TOTAL	**639,428.1**	**100.0**	**15.7**	**552,518.1**	**100.0**
Singapore	85,430.0	13.4	10.9	77,009.1	13.9
PRC	80,595.1	12.6	19.7	67,358.5	12.2
Japan	66,294.5	10.4	24.3	53,345.5	9.7
USA	60,958.4	9.5	0.2	60,811.2	11.0
Thailand	34,188.9	5.3	14.7	29,808.2	5.4
Hong Kong SAR	32,543.5	5.1	11.8	29,113.1	5.3
ROK	24,196.5	3.8	19.1	20,317.6	3.7
Australia	24,017.3	3.8	19.0	20,190.4	3.7
India	20,959.2	3.3	21.1	17,305.9	3.1
Netherlands	20,218.5	3.2	9.1	18,524.7	3.4
Taiwan	20,183.8	3.2	39.0	14,519.9	2.6
Indonesia	18,106.1	2.8	5.1	17,235.5	3.1
Germany	17,346.5	2.7	16.8	14,853.9	2.7
UAE	12,196.0	1.9	21.6	10,033.0	1.8
Viet Nam	11,406.7	1.8	37.6	8,287.4	1.5
Philippines	10,002.7	1.6	43.8	6,955.8	1.3
Pakistan	7,515.3	1.2	31.3	5,722.1	1.0
UK	7,197.9	1.1	1.6	7,082.3	1.3
France	7,109.4	1.1	30.5	5,448.2	1.0
Mexico	5,587.4	0.9	29.8	4,303.8	0.8
Egypt	4,506.1	0.7	58.2	2,848.7	0.5
Bangladesh	4,050.5	0.6	43.2	2,828.0	0.5
Italy	3,449.3	0.5	22.3	2,821.4	0.5

*Note: * - not meaningful*
Source: DOSM

Table 4: Major Sources of Imports, 2009-2010

Country	Exports				
	2010			2009	
	RM million	Share (%)	Change (%)	RM million	Share (%)
TOTAL	**529,194.6**	**100.0**	**21.7**	**434,669.8**	**100.0**
Japan	66,545.6	12.6	22.5	54,316.4	12.5
PRC	66,432.9	12.6	8.9	61,025.7	14.0
Singapore	60,443.0	11.4	22.5	49,359.1	11.4
USA	56,305.3	10.6	15.3	48,833.5	11.2
Thailand	32,977.6	6.2	25.4	26,298.7	6.1
Indonesia	29,397.6	5.6	27.7	23,019.1	5.3
ROK	28,689.5	5.4	42.5	20,132.1	4.6
Taiwan	23,831.2	4.5	29.0	18,469.4	4.2
Germany	21,342.2	4.0	15.9	18,411.2	4.2
Hong Kong SAR	12,683.3	2.4	17.3	10,811.3	2.5
Philippines	11,309.3	2.1	182.3	4,006.2	0.9
Australia	10,201.0	1.9	7.6	9,480.3	2.2
Viet Nam	8,348.8	1.6	15.5	7,227.2	1.7
India	7,978.4	1.5	1.3	7,872.4	1.8
UAE	7,605.9	1.4	24.4	6,113.4	1.4
Saudi Arabia	6,449.8	1.2	65.0	3,908.2	0.9
France	6,257.9	1.2	-11.3	7,058.2	1.6
UK	5,835.6	1.1	-2.7	5,996.7	1.4
Italy	4,547.9	0.9	3.5	4,394.3	1.0
Costa Rica	4,132.0	0.8	55.0	2,666.4	0.6
Brazil	3,894.8	0.7	18.1	3,298.5	0.8
Ireland	3,533.4	0.7	2.3	3,455.0	0.8
Netherlands	3,398.0	0.6	-3.5	3,521.7	0.8

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

Table 5: **Trade with ASEAN, 2009-2010**

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
TOTAL	**639,428.1**	**100.0**	**15.7**	**552,518.1**	**100.0**	**529,194.6**	**100.0**	**21.7**	**434,669.8**	**100.0**	**110,233.6**	**117,848.3**
ASEAN	**162,453.7**	**25.4**	**14.3**	**142,144.2**	**25.7**	**143,479.4**	**27.1**	**29.6**	**110,687.4**	**25.5**	**18,974.3**	**31,456.7**
Singapore	85,430.0	13.4	10.9	77,009.1	13.9	60,443.0	11.4	22.5	49,359.1	11.4	24,987.0	27,650.0
Thailand	34,188.9	5.3	14.7	29,808.2	5.4	32,977.6	6.2	25.4	26,298.7	6.1	1,211.3	3,509.5
Indonesia	18,106.1	2.8	5.1	17,235.5	3.1	29,397.6	5.6	27.7	23,019.1	5.3	-11,291.5	-5,783.6
Viet Nam	11,406.7	1.8	37.6	8,287.4	1.5	8,348.8	1.6	15.5	7,227.2	1.7	3,057.9	1,060.3
Philippines	10,002.7	1.6	43.8	6,955.8	1.3	11,309.3	2.1	182.3	4,006.2	0.9	-1,306.6	2,949.6
Brunei Darussalam	1,446.9	0.2	-7.2	1,559.2	0.3	155.2	neg.	-31.6	227.0	0.1	1,291.7	1,332.2
Myanmar	1,188.5	0.2	64.4	723.1	0.1	736.4	0.1	48.3	496.7	0.1	452.1	226.4
Cambodia	635.5	0.1	17.3	541.8	0.1	104.3	neg.	97.2	52.9	neg.	531.2	488.9
Laos PDR	48.5	neg.	101.3	24.1	neg.	7.3	neg.	1,227.0	0.5	neg.	41.3	23.6

Note: neg. - negligible
Source: DOSM

Table 6: **Trade with NAFTA, 2009-2010**

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
TOTAL	**639,428.1**	**100.0**	**15.7**	**552,518.1**	**100.0**	**529,194.6**	**100.0**	**21.7**	**434,669.8**	**100.0**	**110,233.6**	**117,848.3**
NAFTA	**69,675.8**	**10.9**	**2.6**	**67,878.8**	**12.3**	**60,033.8**	**11.3**	**14.9**	**52,268.2**	**12.0**	**9,642.0**	**15,610.6**
USA	60,958.4	9.5	0.2	60,811.2	11.0	56,305.3	10.6	15.3	48,833.5	11.2	4,653.2	11,977.7
Mexico	5,587.4	0.9	29.8	4,303.8	0.8	864.5	0.2	-25.5	1,160.6	0.3	4,722.9	3,143.2
Canada	3,129.9	0.5	13.2	2,763.8	0.5	2,864.0	0.5	25.9	2,274.1	0.5	265.9	489.7

Source: DOSM

Table 7: **Trade with EU, 2009-2010**

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
TOTAL	**639,428.1**	**100.0**	**15.7**	**552,518.1**	**100.0**	**529,194.6**	**100.0**	**21.7**	**434,669.8**	**100.0**	**110,233.6**	**117,848.3**
EU	**68,693.1**	**10.7**	**14.3**	**60,096.9**	**10.9**	**54,159.1**	**10.2**	**6.7**	**50,770.7**	**11.7**	**14,534.0**	**9,326.2**
Netherlands	20,218.5	3.2	**9.1**	18,524.7	3.4	3,398.0	0.6	**-3.5**	3,521.7	0.8	16,820.5	15,002.9
Germany	17,346.5	2.7	**16.8**	14,853.9	2.7	21,342.2	4.0	**15.9**	18,411.2	4.2	-3,995.7	-3,557.4
UK	7,197.9	1.1	**1.6**	7,082.3	1.3	5,835.6	1.1	**-2.7**	5,996.7	1.4	1,362.2	1,085.6
France	7,109.4	1.1	**30.5**	5,448.2	1.0	6,257.9	1.2	**-11.3**	7,058.2	1.6	851.5	-1,610.1
Italy	3,449.3	0.5	**22.3**	2,821.4	0.5	4,547.9	0.9	**3.5**	4,394.3	1.0	-1,098.6	-1,572.9
Spain	1,923.7	0.3	**22.4**	1,571.7	0.3	1,033.5	0.2	**19.4**	865.8	0.2	890.1	706.0
Belgium	1,904.5	0.3	**18.6**	1,606.4	0.3	2,006.1	0.4	**27.0**	1,580.2	0.4	-101.5	26.2
Finland	1,839.7	0.3	**17.1**	1,571.5	0.3	716.0	0.1	**20.6**	593.5	0.1	1,123.7	977.9
Sweden	1,230.6	0.2	**50.1**	819.7	0.1	2,045.7	0.4	**10.8**	1,846.2	0.4	-815.1	-1,026.5
Poland	1,026.3	0.2	**27.1**	807.7	0.1	301.4	0.1	45.1	207.8	neg.	724.8	599.9

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
Czech Republic	833.9	0.1	**33.9**	622.6	0.1	264.7	0.1	**41.9**	186.5	neg.	569.1	436.0
Denmark	741.8	0.1	**30.8**	567.0	0.1	525.1	0.1	**-7.3**	566.7	0.1	216.7	0.3
Hungary	637.3	0.1	**0.3**	635.7	0.1	375.1	0.1	**90.3**	197.1	neg.	262.2	438.6
Ireland	626.1	0.1	**-31.7**	917.1	0.2	3,533.4	0.7	**2.3**	3,455.0	0.8	-2,907.3	-2,537.8
Portugal	522.0	0.1	**26.4**	412.9	0.1	47.9	neg.	**-34.0**	72.6	neg.	474.1	340.3
Greece	342.5	0.1	**-23.9**	450.0	0.1	55.3	neg.	**27.6**	43.3	neg.	287.1	406.6
Slovak Republic	289.6	neg.	**-28.0**	402.1	0.1	55.9	neg.	**-5.2**	59.0	neg.	233.7	343.1
Austria	263.9	neg.	**6.8**	247.1	neg.	1,477.2	neg.	**19.8**	1,233.0	0.3	-1,213.3	-985.8
Romania	246.1	neg.	**40.0**	175.8	neg.	76.0	neg.	**74.1**	43.7	neg.	170.1	132.1
Luxembourg	186.1	neg.	**184.6**	65.4	neg.	41.0	neg.	**75.8**	23.3	neg.	145.1	42.1
Bulgaria	163.4	neg.	**66.7**	98.0	neg.	37.2	neg.	**-18.9**	45.9	neg.	126.1	52.1
Cyprus	136.1	neg.	**129.8**	59.3	neg.	19.7	neg.	**8.2**	18.2	neg.	116.5	41.1
Slovenia	109.0	neg.	**99.1**	54.8	neg.	46.5	neg.	**25.4**	37.1	neg.	62.5	17.7
Latvia	109.0	neg.	**19.9**	90.9	neg.	17.4	neg.	**171.8**	6.4	neg.	91.6	84.5
Malta	93.3	neg.	**0.9**	92.5	neg.	40.4	neg.	**-82.0**	224.7	neg.	53.0	-132.2
Estonia	89.1	neg.	**58.5**	56.2	neg.	9.0	neg.	**-48.2**	17.4	neg.	80.1	38.8
Lithuania	57.7	neg.	**36.5**	42.3	neg.	52.9	neg.	**-18.9**	65.2	neg.	4.8	-23.0

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

Table 8: Trade with APEC, 2009-2010

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
TOTAL	**639,428.1**	**100.0**	**15.7**	**552,518.1**	**100.0**	**529,194.6**	**100.0**	**21.7**	**434,669.8**	**100.0**	**110,233.6**	**117,848.3**
APEC	**484,514.9**	75.8	15.8	**418,258.2**	75.7	**415,531.7**	78.5	22.1	**340,197.6**	78.3	68,983.2	78,060.6
Singapore	85,430.0	13.4	10.9	77,009.1	13.9	60,443.0	11.4	22.5	49,359.1	11.4	24,987.0	27,650.0
PRC	80,595.1	12.6	19.7	67,358.5	12.2	66,432.9	12.6	8.9	61,025.7	14.0	14,162.2	6,332.9
Japan	66,294.5	10.4	24.3	53,345.5	9.7	66,545.6	12.6	22.5	54,316.4	12.5	-251.1	-970.9
USA	60,958.4	9.5	0.2	60,811.2	11.0	56,305.3	10.6	15.3	48,833.5	11.2	4,653.2	11,977.7
Thailand	34,188.9	5.3	14.7	29,808.2	5.4	32,977.6	6.2	25.4	26,298.7	6.1	1,211.3	3,509.5
Hong Kong SAR	32,543.5	5.1	11.8	29,113.1	5.3	12,683.3	2.4	17.3	10,811.3	2.5	19,860.3	18,301.8
ROK	24,196.5	3.8	19.1	20,317.6	3.7	28,689.5	5.4	42.5	20,132.1	4.6	-4,493.0	185.5
Australia	24,017.3	3.8	19.0	20,190.4	3.7	10,201.0	1.9	7.6	9,480.3	2.2	13,816.3	10,710.1
Taiwan	20,183.8	3.2	39.0	14,519.9	2.6	23,831.2	4.5	29.0	18,469.4	4.2	-3,647.3	-3,949.5
Indonesia	18,106.1	2.8	5.1	17,235.5	3.1	29,397.6	5.6	27.7	23,019.1	5.3	-11,291.5	-5,783.6
Viet Nam	11,406.7	1.8	37.6	8,287.4	1.5	8,348.8	1.6	15.5	7,227.2	1.7	3,057.9	1,060.3
Philippines	10,002.7	1.6	43.8	6,955.8	1.3	11,309.3	2.1	182.3	4,006.2	0.9	-1,306.6	2,949.6
Mexico	5,587.4	0.9	29.8	4,303.8	0.8	864.5	0.2	-25.5	1,160.6	0.3	4,722.9	3,143.2
Canada	3,129.9	0.5	13.2	2,763.8	0.5	2,864.0	0.5	25.9	2,274.1	0.5	265.9	489.7
New Zealand	2,994.0	0.5	56.2	1,916.7	0.3	1,969.3	0.4	19.8	1,644.0	0.4	1,024.7	272.7
Russia	2,183.8	0.3	16.5	1,875.3	0.3	1,317.6	0.2	42.9	921.8	0.2	866.3	953.5
Brunei Darussalam	1,446.9	0.2	-7.2	1,559.2	0.3	155.2	neg.	-31.6	227.0	0.1	1,291.7	1,332.2
Papua New Guinea	704.8	0.1	54.1	457.5	0.1	418.2	0.1	7.5	389.1	0.1	286.6	68.4
Peru	276.4	neg.	36.6	202.3	neg.	37.5	neg.	-8.2	40.8	neg.	238.9	161.5
Chile	268.1	neg.	17.9	227.5	neg.	740.5	0.1	32.0	561.1	0.1	-472.3	-333.6

Note: neg. - negligible
Source: DOSM

Table 9: **Trade with Major Countries in the OIC, 2009-2010**

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
TOTAL	**639,428.1**	**100.0**	**15.7**	**552,518.1**	**100.0**	**529,194.6**	**100.0**	**21.7**	**434,669.8**	**100.0**	**110,233.6**	**117,848.3**
OIC	**66,940.4**	**10.5**	**12.2**	**59,676.5**	**10.8**	**54,800.2**	**10.4**	**31.4**	**41,698.2**	**9.6**	**12,140.2**	**17,978.3**
D8	**39,500.7**	**6.2**	**17.7**	**33,562.1**	**6.1**	**32,391.9**	**6.1**	**27.5**	**25,400.4**	**5.8**	**7,108.8**	**8,161.6**
Indonesia[1]	18,106.1	2.8	**5.1**	17,235.5	3.1	29,397.6	5.6	**27.7**	23,019.1	5.3	-11,291.5	-5,783.6
UAE	12,196.0	1.9	**21.6**	10,033.0	1.8	7,605.9	1.4	**24.4**	6,113.4	1.4	4,590.1	3,919.7
Pakistan[1]	7,515.3	1.2	**31.3**	5,722.1	1.0	475.9	0.1	**-9.5**	525.8	0.1	7,039.4	5,196.3
Egypt[1]	4,506.1	0.7	**58.2**	2,848.7	0.5	372.8	0.1	**191.9**	127.7	neg.	4,133.3	2,721.0
Bangladesh[1]	4,050.5	0.6	**43.2**	2,828.0	0.5	85.8	neg.	**13.8**	75.4	neg.	3,964.7	2,752.6
Saudi Arabia	2,875.2	0.4	**0.5**	2,862.3	0.5	6,449.8	1.2	**65.0**	3,908.2	0.9	-3,574.6	-1,045.9
Iran[1]	2,730.5	0.4	**13.7**	2,400.8	0.4	1,279.2	0.2	**12.4**	1,137.7	0.3	1,451.4	1,263.1
Turkey[1]	2,113.2	0.3	**26.5**	1,671.0	0.3	444.6	0.1	**12.3**	395.7	0.1	1,668.6	1,275.3
Benin	1,535.8	0.2	**46.1**	1,051.0	0.2	19.0	neg.	**40.8**	13.5	neg.	1,516.7	1,037.5
Brunei Darussalam	1,446.9	0.2	**-7.2**	1,559.2	0.3	155.2	neg.	**-31.6**	227.0	0.1	1,291.7	1,332.2
Togo	862.9	0.1	**128.7**	377.3	0.1	41.9	neg.	**507.3**	6.9	neg.	821.1	370.4
Jordan	836.6	0.1	**61.5**	518.0	0.1	275.4	0.1	**222.3**	85.4	neg.	561.2	432.5
Oman	580.1	0.1	**-4.7**	608.9	0.1	274.5	0.1	**-49.9**	548.0	0.1	305.7	60.9
Kuwait	580.1	0.1	**1.1**	573.8	0.1	1,473.9	0.3	**44.6**	1,019.6	0.2	-893.8	-445.8
Djibouti	579.9	0.1	**12.4**	516.1	0.1	0.1	neg.	**224.9**	0.0	neg.	579.9	516.1
Syria	568.4	0.1	**-7.4**	613.7	0.1	3.8	neg.	**-20.8**	4.8	neg.	564.6	608.8
Yemen	539.2	0.1	**-25.2**	721.0	0.1	294.3	0.1	**10.9**	265.4	0.1	244.9	455.6
Qatar	534.8	0.1	**-72.1**	1,915.9	0.3	764.5	0.1	**-33.7**	1,152.3	0.3	-229.7	763.6
Algeria	505.6	0.1	**10.7**	456.6	0.1	3.8	neg.	**-54.9**	8.3	neg.	501.9	448.3
Nigeria[1]	479.1	0.1	**-44.0**	856.1	0.2	336.1	0.1	**182.5**	119.0	neg.	143.0	737.1
Lebanon	361.3	0.1	**8.0**	334.6	0.1	16.0	neg.	**412.6**	3.1	neg.	345.4	331.4
Kazakhstan	343.0	0.1	**272.0**	92.2	neg.	2.4	neg.	**418.6**	0.5	neg.	340.5	91.7
Iraq	262.5	neg.	**-51.9**	545.2	0.1	80.1	neg.	**27,345.8**	0.3	neg.	182.5	544.9

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

Table 10: Trade with OECD, 2009-2010

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
TOTAL	**639,428.1**	**100.0**	**15.7**	**552,518.1**	**100.0**	**529,194.6**	**100.0**	**21.7**	**434,669.8**	**100.0**	**110,233.6**	**117,848.3**
OECD	**258,158.5**	**40.4**	**13.7**	**227,112.5**	**41.1**	**225,754.5**	**42.7**	**17.7**	**191,800.5**	**44.1**	**32,404.0**	**35,312.0**
Japan	66,294.5	10.4	24.3	53,345.5	9.7	66,545.6	12.6	22.5	54,316.4	12.5	-251.1	-970.9
USA	60,958.4	9.5	0.2	60,811.2	11.0	56,305.3	10.6	15.3	48,833.5	11.2	4,653.2	11,977.7
ROK	24,196.5	3.8	19.1	20,317.6	3.7	28,689.5	5.4	42.5	20,132.1	4.6	-4,493.0	185.5
Australia	24,017.3	3.8	19.0	20,190.4	3.7	10,201.0	1.9	7.6	9,480.3	2.2	13,816.3	10,710.1
Netherlands	20,218.5	3.2	9.1	18,524.7	3.4	3,398.0	0.6	-3.5	3,521.7	0.8	16,820.5	15,002.9
Germany	17,346.5	2.7	16.8	14,853.9	2.7	21,342.2	4.0	15.9	18,411.2	4.2	-3,995.7	-3,557.4
UK	7,197.9	1.1	1.6	7,082.3	1.3	5,835.6	1.1	-2.7	5,996.7	1.4	1,362.2	1,085.6
France	7,109.4	1.1	30.5	5,448.2	1.0	6,257.9	1.2	-11.3	7,058.2	1.6	851.5	-1,610.1
Mexico	5,587.4	0.9	29.8	4,303.8	0.8	864.5	0.2	-25.5	1,160.6	0.3	4,722.9	3,143.2
Italy	3,449.3	0.5	22.3	2,821.4	0.5	4,547.9	0.9	3.5	4,394.3	1.0	-1,098.6	-1,572.9
Canada	3,129.9	0.5	13.2	2,763.8	0.5	2,864.0	0.5	25.9	2,274.1	0.5	265.9	489.7
New Zealand	2,994.0	0.5	56.2	1,916.7	0.3	1,969.3	0.4	19.8	1,644.0	0.4	1,024.7	272.7
Turkey	2,113.2	0.3	26.5	1,671.0	0.3	444.6	0.1	12.3	395.7	0.1	1,668.6	1,275.3
Spain	1,923.7	0.3	22.4	1,571.7	0.3	1,033.5	0.2	19.4	865.8	0.2	890.1	706.0
Belgium	1,904.5	0.3	18.6	1,606.4	0.3	2,006.1	0.4	27.0	1,580.2	0.4	-101.5	26.2
Finland	1,839.7	0.3	17.1	1,571.5	0.3	716.0	0.1	20.6	593.5	0.1	1,123.7	977.9
Sweden	1,230.6	0.2	50.1	819.7	0.1	2,045.7	0.4	10.8	1,846.2	0.4	-815.1	-1,026.5
Poland	1,026.3	0.2	27.1	807.7	0.1	301.4	0.1	45.1	207.8	neg.	724.8	599.9
Switzerland	849.0	0.1	-58.5	2,043.8	0.4	3,355.4	0.6	23.8	2,710.9	0.6	-2,506.4	-667.0
Czech Republic	833.9	0.1	33.9	622.6	0.1	264.7	0.1	41.9	186.5	neg.	569.1	436.0
Denmark	741.8	0.1	30.8	567.0	0.1	525.1	0.1	-7.3	566.7	0.1	216.7	0.3
Hungary	637.3	0.1	0.3	635.7	0.1	375.1	0.1	90.3	197.1	neg.	262.2	438.6
Ireland	626.1	0.1	-31.7	917.1	0.2	3,533.4	0.7	2.3	3,455.0	0.8	-2,907.3	-2,537.8
Portugal	522.0	0.1	26.4	412.9	0.1	47.9	neg.	-34.0	72.6	neg.	474.1	340.3
Greece	342.5	0.1	-23.9	450.0	0.1	55.3	neg.	27.6	43.3	neg.	287.1	406.6
Norway	322.7	0.1	2.1	316.0	0.1	639.1	0.1	19.0	536.9	0.1	-316.3	-220.8
Slovak Republic	289.6	neg.	-28.0	402.1	0.1	55.9	neg.	-5.2	59.0	neg.	233.7	343.1
Austria	263.9	neg.	6.8	247.1	neg.	1,477.2	0.3	19.8	1,233.0	0.3	-1,213.3	-985.8
Luxembourg	186.1	neg.	184.6	65.4	neg.	41.0	neg.	75.8	23.3	neg.	145.1	42.1
Iceland	6.0	neg.	10.1	5.5	neg.	16.2	neg.	327.7	3.8	neg.	-10.2	1.7

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

Table 11: Trade with Major Asian Countries, 2009-2010

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
TOTAL	**639,428.1**	**100.0**	**15.7**	**552,518.1**	**100.0**	**529,194.6**	**100.0**	**21.7**	**434,669.8**	**100.0**	**110,233.6**	**117,848.3**
Asia	**445,854.3**	**69.7**	**17.8**	**378,385.2**	**68.5**	**369,896.3**	**69.9**	**23.6**	**299,312.8**	**68.9**	**75,957.9**	**79,072.4**
North East Asia	**223,934.2**	**35.0**	**21.2**	**184,779.8**	**33.4**	**198,217.3**	**37.5**	**20.3**	**164,787.2**	**37.9**	**25,716.9**	**19,992.7**
PRC	80,595.1	12.6	**19.7**	67,358.5	12.2	66,432.9	12.6	**8.9**	61,025.7	14.0	14,162.2	6,332.9
Japan	66,294.5	10.4	**24.3**	53,345.5	9.7	66,545.6	12.6	**22.5**	54,316.4	12.5	-251.1	-970.9
Hong Kong SAR	32,543.5	5.1	**11.8**	29,113.1	5.3	12,683.3	2.4	**17.3**	10,811.3	2.5	19,860.3	18,301.8
ROK	24,196.5	3.8	**19.1**	20,317.6	3.7	28,689.5	5.4	**42.5**	20,132.1	4.6	-4,493.0	185.5

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
Taiwan	20,183.8	3.2	**39.0**	14,519.9	2.6	23,831.2	4.5	**29.0**	18,469.4	4.2	-3,647.3	-3,949.5
ASEAN	**162,453.7**	**25.4**	**14.3**	**142,144.2**	**25.7**	**143,479.4**	**27.1**	**29.6**	**110,687.4**	**25.5**	**18,974.3**	**31,456.7**
South Asia	**34,456.1**	**5.4**	**25.7**	**27,412.4**	**5.0**	**8,801.2**	**1.7**	**1.9**	**8,634.2**	**2.0**	**25,654.9**	**18,778.2**
India	20,959.2	3.3	**21.1**	17,305.9	3.1	7,978.4	1.5	**1.3**	7,872.4	1.8	12,980.9	9,433.5
Pakistan	7,515.3	1.2	**31.3**	5,722.1	1.0	475.9	0.1	**-9.5**	525.8	0.1	7,039.4	5,196.3
Bangladesh	4,050.5	0.6	**43.2**	2,828.0	0.5	85.8	neg.	**13.8**	75.4	neg.	3,964.7	2,752.6
Sri Lanka	1,487.3	0.2	**25.8**	1,182.4	0.2	246.3	neg.	**64.5**	149.8	neg.	1,241.0	1,032.6
West Asia	24,399.4	3.8	**5.7**	23,090.7	4.2	19,333.9	3.7	**27.2**	15,196.4	3.5	5,065.5	7,894.2
UAE	12,196.0	1.9	**21.6**	10,033.0	1.8	7,605.9	1.4	**24.4**	6,113.4	1.4	4,590.1	3,919.7
Saudi Arabia	2,875.2	0.4	**0.5**	2,862.3	0.5	6,449.8	1.2	**65.0**	3,908.2	0.9	-3,574.6	-1,045.9
Iran	2,730.5	0.4	**13.7**	2,400.8	0.4	1,279.2	0.2	**12.4**	1,137.7	0.3	1,451.4	1,263.1
Turkey	2,113.2	0.3	**26.5**	1,671.0	0.3	444.6	0.1	**12.3**	395.7	0.1	1,668.6	1,275.3
Jordan	836.6	0.1	**61.5**	518.0	0.1	275.4	0.1	**222.3**	85.4	neg.	561.2	432.5
Oman	580.1	0.1	**-4.7**	608.9	0.1	274.5	0.1	**-49.9**	548.0	0.1	305.7	60.9
Central Asia	**610.8**	**0.1**	**-36.3**	**958.2**	**0.2**	**64.4**	**neg.**	**749.8**	**7.6**	**neg.**	**546.4**	**950.6**
Kazakhstan	343.0	0.1	**272.0**	92.2	neg.	2.4	neg.	**418.6**	0.5	neg.	340.5	91.7
Austria	263.9	neg.	**6.8**	247.1	neg.	1,477.2	0.3	**19.8**	1,233.0	0.3	-1,213.3	-985.8
Luxembourg	186.1	neg.	**184.6**	65.4	neg.	41.0	neg.	**75.8**	23.3	neg.	145.1	42.1
Iceland	6.0	neg.	**10.1**	5.5	neg.	16.2	neg.	**327.7**	3.8	neg.	-10.2	1.7

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

Table 12: Trade with major Countries in the Americas, 2009-2010

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
TOTAL	**639,428.1**	**100.0**	**15.7**	**552,518.1**	**100.0**	**529,194.6**	**100.0**	**21.7**	**434,669.8**	**100.0**	**110,233.6**	**117,848.3**
Americas	**75,976.6**	**11.9**	4.5	**72,689.3**	**13.2**	**73,941.1**	**14.0**	**20.0**	**61,639.5**	**14.2**	**2,035.6**	**11,049.8**
North America	**64,088.4**	**10.0**	0.8	**63,575.0**	**11.5**	**59,169.3**	**11.2**	**15.8**	**51,107.6**	**11.8**	**4,919.1**	**12,467.4**
USA	60,958.4	9.5	0.2	60,811.2	11.0	56,305.3	10.6	15.3	48,833.5	11.2	4,653.2	11,977.7
Canada	3,129.9	0.5	13.2	2,763.8	0.5	2,864.0	0.5	25.9	2,274.1	0.5	265.9	489.7
Central America	**6,406.4**	**1.0**	31.3	**4,878.4**	**0.9**	**5,239.1**	**1.0**	**31.7**	**3,979.1**	**0.9**	**1,167.2**	**899.3**
Mexico	5,587.4	0.9	29.8	4,303.8	0.8	864.5	0.2	-25.5	1,160.6	0.3	4,722.9	3,143.2
Panama	478.4	0.1	78.5	268.0	neg.	96.3	neg.	413.7	18.8	neg.	382.1	249.2
Costa Rica	137.2	neg.	9.9	124.8	neg.	4,132.0	0.8	55.0	2,666.4	0.6	-3,994.8	-2,541.6
Guatemala	79.1	neg.	20.9	65.4	neg.	18.4	neg.	-85.9	130.2	neg.	60.7	-64.8
Honduras	49.3	neg.	10.3	44.7	neg.	0.4	neg.	-21.2	0.5	neg.	48.9	44.2
El Salvador	45.9	neg.	1.4	45.3	neg.	50.2	neg.	3,262.8	1.5	neg.	-4.3	43.8
South America	**4,712.1**	**0.7**	28.5	**3,666.4**	**0.7**	**9,443.4**	**1.8**	**45.6**	**6,485.6**	**1.5**	**-4,731.2**	**-2,819.2**
Brazil	2,725.6	0.4	21.5	2,243.1	0.4	3,894.8	0.7	18.1	3,298.5	0.8	-1,169.2	-1,055.4
Argentina	619.3	0.1	35.4	457.3	0.1	3,277.7	0.6	48.7	2,204.7	0.5	-2,658.4	-1,747.3
Colombia	346.6	0.1	43.8	241.0	neg.	175.8	neg.	549.9	27.1	neg.	170.8	213.9
Peru	276.4	neg.	36.6	202.3	neg.	37.5	neg.	-8.2	40.8	neg.	238.9	161.5
Chile	268.1	neg.	17.9	227.5	neg.	740.5	0.1	32.0	561.1	0.1	-472.3	-333.6
Uruguay	141.7	neg.	136.5	59.9	neg.	84.3	neg.	4.0	81.0	neg.	57.4	-21.1
Ecuador	138.5	neg.	226.6	42.4	neg.	613.9	0.1	7,420.9	8.2	neg.	-475.3	34.2
Venezuela	127.0	neg.	-14.4	148.3	neg.	593.9	0.1	137.3	250.3	0.1	-466.9	-102.0
Caribbean	**769.8**	**0.1**	**35.2**	**569.5**	**0.1**	**89.3**	**neg.**	**32.9**	**67.2**	**neg.**	**680.5**	**502.3**

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

Table 13: Trade with Major European Countries, 2009-2010

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
TOTAL	639,428.1	100.0	15.7	552,518.1	100.0	529,194.6	100.0	21.7	434,669.8	100.0	110,233.6	117,848.3
EUROPE	**73,442.3**	**11.5**	**10.9**	**66,194.9**	**12.0**	**60,560.1**	**11.4**	**8.7**	**55,699.2**	**12.8**	**12,882.2**	**10,495.8**
EU	**68,693.1**	**10.7**	**14.3**	**60,096.9**	**10.9**	**54,159.1**	**10.2**	**6.7**	**50,770.7**	**11.7**	**14,534.0**	**9,326.2**
Other Europe	**4,749.2**	0.7	-22.1	**6,098.0**	1.1	**6,401.0**	1.2	29.9	**4,928.4**	1.1	-1,651.8	1,169.6
Russia	2,183.8	0.3	16.5	1,875.3	0.3	1,317.6	0.2	42.9	921.8	0.2	866.3	953.5
Ukraine	1,190.3	0.2	-28.1	1,656.6	0.3	670.5	0.1	40.1	478.4	0.1	519.8	1,178.2
Switzerland	849.0	0.1	-58.5	2,043.8	0.4	3,355.4	0.6	23.8	2,710.9	0.6	-2,506.4	-667.0
Norway	322.7	0.1	2.1	316.0	0.1	639.1	0.1	19.0	536.9	0.1	-316.3	-220.8
Croatia	57.5	neg.	-25.9	77.6	neg.	5.2	neg.	60.3	3.2	neg.	52.3	74.3
Georgia	44.6	neg.	111.7	21.1	neg.	74.4	neg.	350.7	16.5	neg.	-29.8	4.5
Belarus	21.3	neg.	-1.3	21.6	neg.	141.1	neg.	-41.2	239.8	0.1	-119.8	-218.2
Montenegro	18.3	neg.	64.8	11.1	neg.	neg.	neg.	-75.8	0.2	neg.	18.3	10.9
Azerbaijan	18.1	neg.	216.1	5.7	neg.	158.2	neg.		0.1	neg.	-140.1	5.6
Yugoslavia	9.8	neg.	-69.0	31.7	neg.	0.6	neg.	-93.0	8.4	neg.	9.2	23.2
Liechtenstein	8.5	neg.	23.4	6.9	neg.	11.8	neg.	605.7	1.7	neg.	-3.3	5.2
Albania	7.0	neg.	-34.5	10.6	neg.	1.3	neg.	38.2	1.0	neg.	5.6	9.7
Iceland	6.0	neg.	10.1	5.5	neg.	16.2	neg.	327.7	3.8	neg.	-10.2	1.7
Bosnia - Herzegovina	5.6	neg.	509.2	0.9	neg.	2.2	neg.	278.8	0.6	neg.	3.4	0.3
Armenia	2.9	neg.	-18.1	3.6	neg.	0.4	neg.	135.9	0.2	neg.	2.5	3.4
Macedonia	1.5	neg.	-25.3	2.0	neg.	neg.	neg.	-100.0	neg.	neg.	1.5	2.0
Monaco	1.0	neg.	-86.0	7.0	neg.	3.8	neg.	39.7	2.7	neg.	-2.8	4.3
Moldova	0.6	neg.	-25.3	0.8	neg.	neg.	neg.	-79.9	0.2	neg.	0.6	0.6
Andorra	0.3	neg.	114.3	0.2	neg.	2.9	neg.	83.5	1.6	neg.	-2.6	-1.4
Gibraltar	0.2	neg.	2,539.0	neg.	neg.	neg.	neg.	-100.0	0.2	neg.	0.2	-0.2

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

Table 14: **Trade with Major African Countries, 2009-2010**

Country	Exports					Imports					Balance of Trade	
	2010			2009		2010			2009		2010	2009
	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	Share (%)	Change (%)	RM million	Share (%)	RM million	RM million
TOTAL	**639,428.1**	**100.0**	**15.7**	**552,518.1**	**100.0**	**529,194.6**	**100.0**	**21.7**	**434,669.8**	**100.0**	**110,233.6**	**117,848.3**
Africa	**15,785.3**	2.5	29.5	**12,190.2**	2.2	**9,212.2**	1.7	58.9	**5,798.2**	1.3	6,573.2	6,392.0
Egypt	4,506.1	0.7	58.2	2,848.7	0.5	372.8	0.1	191.9	127.7	neg.	4,133.3	2,721.0
South Africa	2,790.2	0.4	40.7	1,983.4	0.4	2,570.0	0.5	30.4	1,971.6	0.5	220.2	11.8
Benin	1,535.8	0.2	46.1	1,051.0	0.2	19.0	neg.	40.8	13.5	neg.	1,516.7	1,037.5
Togo	862.9	0.1	128.7	377.3	0.1	41.9	neg.	507.3	6.9	neg.	821.1	370.4
Djibouti	579.9	0.1	12.4	516.1	0.1	0.1	neg.	224.9	neg.	neg.	579.9	516.1
Algeria	505.6	0.1	10.7	456.6	0.1	3.8	neg.	-54.9	8.3	neg.	501.9	448.3
Ghana	484.6	0.1	26.9	381.9	0.1	454.8	0.1	33.3	341.1	0.1	29.8	40.7
Nigeria	479.1	0.1	-44.0	856.1	0.2	336.1	0.1	182.5	119.0	neg.	143.0	737.1
Mauritius	373.5	0.1	-20.6	470.2	0.1	92.5	neg.	12.5	82.2	neg.	281.0	388.0
Tanzania	356.9	0.1	51.2	236.1	neg.	25.4	neg.	-24.9	33.9	neg.	331.5	202.2
Angola	302.0	neg.	81.5	166.4	neg.	15.8	neg.	178.4	5.7	neg.	286.2	160.7
Kenya	253.9	neg.	14.4	222.0	neg.	18.9	neg.	-77.5	83.9	neg.	235.0	138.1
Mauritania	251.3	neg.	1.3	248.1	neg.	2.6	neg.	134.5	1.1	neg.	248.7	247.0
Libya	218.8	neg.	-28.0	303.8	0.1	871.7	0.2	957.0	82.5	neg.	-652.8	221.3
Mozambique	198.9	neg.	34.7	147.6	neg.	7.9	neg.	-19.3	9.8	neg.	191.0	137.8
Morocco	190.2	neg.	25.6	151.5	neg.	49.5	neg.	-19.6	61.5	neg.	140.8	89.9
Tunisia	185.6	neg.	9.4	169.6	neg.	49.7	neg.	43.8	34.6	neg.	135.9	135.1
Sierra Leone	179.7	neg.	5.2	170.8	neg.	7.8	neg.	79.5	4.4	neg.	171.9	166.5
Cote D'Ivoire	152.5	neg.	57.5	96.8	neg.	474.1	0.1	-0.7	477.3	0.1	-321.6	-380.5
Madagascar	145.5	neg.	-39.0	238.3	neg.	10.5	neg.	31.6	8.0	neg.	135.0	230.4
Cameroon	135.3	neg.	56.5	86.5	neg.	170.8	neg.	8.8	157.0	neg.	-35.5	-70.5
Congo	120.7	neg.	-3.2	124.7	neg.	599.8	0.1	534.3	94.6	neg.	-479.1	30.2
Sudan	110.1	neg.	-10.8	123.5	neg.	162.5	neg.	-54.1	354.1	0.1	-52.4	-230.5
Liberia	99.8	neg.	136.4	42.2	neg.	39.0	neg.	-68.3	123.0	neg.	60.7	-80.8
Ethiopia	80.4	neg.	17.5	68.4	neg.	4.0	neg.	-24.7	5.4	neg.	76.4	63.1
Guinea	74.7	neg.	78.2	41.9	neg.	16.8	neg.	292.3	4.3	neg.	57.9	37.6
Gambia	60.0	neg.	-17.4	72.7	neg.	3.4	neg.	301.5	0.8	neg.	56.7	71.9
Sao Tome and Principe	59.0	neg.	221.7	18.3	neg.	neg.	neg.	-57.4	neg.	neg.	58.9	18.3
Reunion Islands	51.7	neg.	0.4	51.5	neg.	2.7	neg.	-41.3	4.6	neg.	49.0	46.9
Gabon	48.5	neg.	27.6	38.0	neg.	2,475.9	0.5	129.9	1,077.0	0.2	-2,427.4	-1,039.0

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

Table 15: Major Exports of Manufactured Goods to Top Five Destinations, 2009-2010

Products	2010			2009	
	Country	RM million	Share (%)	RM million	Share (%)
Total		**639,428.1**	**100.0**	**552,518.1**	**100.0**
Manufactured Goods		**460,957.1**	**72.1**	**412,974.3**	**74.7**
Electrical & electronics products	**Total**	**249,797.2**	**39.1**	**230,077.0**	**41.6**
	PRC	40,933.3	6.4	36,650.8	6.6
	Singapore	36,201.2	5.7	32,199.2	5.8
	USA	35,469.6	5.5	39,922.0	7.2
	Hong Kong SAR	25,274.3	4.0	22,935.8	4.2
	Japan	18,268.7	2.9	15,831.1	2.9
Chemicals & chemical products	**Total**	**40,821.2**	**6.4**	**32,899.5**	**6.0**
	PRC	7,025.3	1.1	5,477.1	1.0
	Indonesia	3,813.6	0.6	2,874.5	0.5
	Singapore	3,419.7	0.5	2,968.3	0.5
	Thailand	3,101.2	0.5	2,621.2	0.5
	India	2,733.9	0.4	2,198.3	0.4
Machinery, appliances & parts	**Total**	**21,454.1**	**3.4**	**18,871.0**	**3.4**
	Singapore	4,302.0	0.7	4,040.1	0.7
	Thailand	1,774.2	0.3	1,404.1	0.3
	Indonesia	1,662.2	0.3	1,874.0	0.3
	USA	1,641.3	0.3	1,227.8	0.2
	PRC	1,305.0	0.2	1,411.9	0.3
Manufactures of metal	**Total**	**18,382.0**	**2.9**	**14,528.3**	**2.6**
	Singapore	4,025.2	0.6	3,500.7	0.6
	Thailand	1,655.1	0.3	1,252.3	0.2
	Japan	1,450.7	0.2	1,015.6	0.2
	PRC	1,345.2	0.2	1,391.8	0.3
	India	998.6	0.2	607.3	0.1
Optical & scientific equipment	**Total**	**18,331.9**	**2.9**	**13,274.9**	**2.4**
	USA	3,570.9	0.6	2,580.3	0.5
	Singapore	2,439.2	0.4	1,818.8	0.3
	Japan	2,014.0	0.3	2,023.6	0.4
	PRC	1,837.4	0.3	954.0	0.2
	Netherlands	1,500.1	0.2	1,060.6	0.2
Rubber products	**Total**	**16,026.0**	**2.5**	**12,478.3**	**2.3**
	PRC	4,102.6	0.6	2,843.3	0.5
	USA	3,509.9	0.5	2,782.6	0.5
	Germany	826.3	0.1	629.6	0.1
	Japan	638.1	0.1	482.7	0.1
	UK	479.7	0.1	441.5	0.1
Wood products	**Total**	**14,834.6**	**2.3**	**14,152.7**	**2.6**
	Japan	3,185.9	0.5	3,171.5	0.6
	USA	2,495.4	0.4	2,310.1	0.4
	ROK	925.0	0.1	977.3	0.2
	UK	824.3	0.1	828.0	0.1
	Australia	639.6	0.1	626.7	0.1
Transport Equipment	**Total**	**9,494.3**	**1.5**	**9,680.0**	**1.8**
	Viet Nam	939.2	0.1	58.4	neg.
	PRC	560.8	0.1	279.2	0.1
	Taiwan	366.1	0.1	357.3	0.1
	Germany	332.6	0.1	285.7	0.1
	Japan	300.4	neg.	398.2	0.1
Processed food	**Total**	**11,997.5**	**1.9**	**10,745.7**	**1.9**
	Singapore	1,794.0	0.3	1,726.7	0.3
	USA	1,211.2	0.2	1,014.3	0.2
	Indonesia	974.3	0.2	729.5	0.1
	Australia	581.4	0.1	491.5	0.1
	Thailand	581.3	0.1	497.0	0.1
Textiles & apparel	**Total**	**9,325.6**	**1.5**	**8,934.3**	**1.6**
	USA	1,767.5	0.3	1,792.6	0.3
	Japan	713.3	0.1	721.9	0.1
	Turkey	596.3	0.1	399.7	0.1
	PRC	512.2	0.1	408.3	0.1
	Singapore	414.3	0.1	486.4	0.1

Note: neg. - negligible
Source: DOSM

Table 16: Major Imports of Manufactured Goods from Top Five Suppliers, 2009-2010

Products	2010			2009	
	Country	RM million	Share (%)	RM million	Share (%)
Total		**529,194.6**	**100.0**	**434,669.8**	**100.0**
Manufactured Goods		**430,491.4**	**81.3**	**358,953.4**	**82.6**
Electrical & electronics products	**Total**	**189,114.9**	**35.7**	**159,767.4**	**36.8**
	PRC	30,811.4	5.8	33,525.0	7.7
	USA	29,561.4	5.6	25,463.8	5.9
	Japan	21,983.4	4.2	18,588.3	4.3
	Singapore	21,121.8	4.0	19,323.4	4.4
	ROK	14,978.4	2.8	11,534.3	2.7
Chemicals & chemical products	**Total**	**45,322.3**	**8.6**	**36,941.9**	**8.5**
	Singapore	6,210.4	1.2	5,326.1	1.2
	PRC	5,184.6	1.0	3,828.7	0.9
	Japan	4,723.0	0.9	3,533.6	0.8
	USA	4,653.8	0.9	3,677.5	0.8
	Thailand	3,006.3	0.6	2,433.4	0.6
Machinery, appliances & parts	**Total**	**43,986.7**	**8.3**	**38,272.7**	**8.8**
	Japan	8,613.3	1.6	6,672.0	1.5
	PRC	7,134.6	1.3	6,129.0	1.4
	USA	6,126.6	1.2	5,606.9	1.3
	Thailand	3,729.4	0.7	2,779.6	0.6
	Germany	3,705.1	0.7	3,276.1	0.8
Manufactures of metal	**Total**	**29,046.1**	**5.5**	**21,714.1**	**5.0**
	Japan	5,911.5	1.1	3,851.8	0.9
	PRC	3,926.5	0.7	2,541.3	0.6
	Indonesia	3,507.4	0.7	2,579.7	0.6
	Australia	2,525.5	0.5	2,070.7	0.5
	Singapore	1,846.2	0.3	1,620.1	0.4
Transport Equipment	**Total**	**28,499.4**	**5.4**	**24,331.4**	**5.6**
	Japan	7,818.1	1.5	7,364.2	1.7
	Thailand	5,169.3	1.0	3,741.9	0.9
	USA	2,562.9	0.5	2,967.6	0.7
	Germany	2,142.2	0.4	1,502.2	0.3
	France	2,129.7	0.4	2,638.2	0.6
Iron & steel products	**Total**	**21,311.9**	**4.0**	**17,859.9**	**4.1**
	Japan	5,430.2	1.0	4,512.4	1.0
	PRC	2,823.8	0.5	1,608.6	0.4
	ROK	2,395.9	0.5	2,230.4	0.5
	Taiwan	2,382.3	0.5	1,694.5	0.4
	USA	1,777.5	0.3	945.9	0.2
Optical & scientific equipment	**Total**	**17,215.2**	**3.3**	**13,920.0**	**3.2**
	Japan	3,517.3	0.7	2,761.4	0.6
	USA	3,197.3	0.6	2,891.3	0.7
	Singapore	2,730.7	0.5	1,738.7	0.4
	PRC	2,131.2	0.4	1,866.2	0.4
	Germany	1,205.6	0.2	791.4	0.2
Processed food	**Total**	**10,779.2**	**2.0**	**8,969.9**	**2.1**
	Brazil	1,419.0	0.3	1,158.0	0.3
	Australia	1,393.8	0.3	1,450.3	0.3
	New Zealand	1,239.8	0.2	1,066.3	0.2
	Thailand	1,082.8	0.2	815.4	0.2
	USA	913.5	0.2	753.4	0.2
Paper & pulp products	**Total**	**6,673.5**	**1.3**	**5,547.7**	**1.3**
	Indonesia	1,220.0	0.2	1,012.4	0.2
	PRC	700.5	0.1	542.6	0.1
	Japan	536.7	0.1	446.8	0.1
	USA	507.1	0.1	426.4	0.1
	Thailand	503.8	0.1	435.6	0.1
Manufactures of plastics	**Total**	**5,861.7**	**1.1**	**5,008.0**	**1.2**
	Japan	1,263.2	0.2	1,015.4	0.2
	PRC	1,066.7	0.2	748.4	0.2
	Singapore	770.3	0.1	749.8	0.2
	USA	622.9	0.1	611.7	0.1
	Thailand	438.0	0.1	322.5	0.1

Note: neg. - negligible
Source: DOSM

Table 17: **Exports of Top Ten Products to Selected Destinations, 2009-2010**

Products	2010			2009	
	RM million	Share (%)	Change (%)	RM million	Share (%)
Total	**639,428.1**	**100.0**	**15.7**	**552,518.1**	**100.0**
Manufactured Goods	**460,957.1**	**72.1**	**11.6**	**412,974.3**	**74.7**
Agricultural Goods	**71,803.8**	**11.2**	**29.6**	**55,403.6**	**10.0**
Mining Goods	**101,904.1**	**15.9**	**28.5**	**79,324.4**	**14.4**
ASEAN	**162,453.7**	**25.4**	**14.3**	**142,144.2**	**25.7**
Manufactured Goods	**123,295.2**	**19.3**	**14.6**	**107,618.4**	**19.5**
Agricultural Goods	**8,513.2**	**1.3**	**30.7**	**6,513.8**	**1.2**
Mining Goods	**28,925.9**	**4.5**	**7.9**	**26,820.4**	**4.9**
E&E Products	53,371.0	8.3	12.7	47,376.5	8.6
Refined Petroleum Products	18,336.7	2.9	21.2	15,135.0	2.7
Chemicals & Chemical Products	13,528.1	2.1	20.4	11,239.6	2.0
Crude Petroleum	9,752.4	1.5	-9.7	10,798.4	2.0
Machinery, Appliances & Parts	9,067.2	1.4	9.0	8,317.9	1.5
Manufactures of Metal	7,508.3	1.2	20.1	6,249.3	1.1
Iron & Steel Products	4,676.5	0.7	9.3	4,277.6	0.8
Processed Food	4,595.6	0.7	16.3	3,951.8	0.7
Optical & Scientific Equipment	4,566.0	0.7	44.3	3,164.4	0.6
Transport Equipment	4,285.9	0.7	20.9	3,545.5	0.6
PRC	**80,595.1**	**12.6**	**19.7**	**67,358.5**	**12.2**
Manufactured Goods	**60,128.8**	**9.4**	**17.8**	**51,060.3**	**9.2**
Agricultural Goods	**14,452.5**	**2.3**	**17.2**	**12,327.2**	**2.2**
Mining Goods	5,791.7	0.9	53.0	3,784.3	0.7
E&E Products	40,933.3	6.4	11.7	36,650.8	6.6
Palm Oil	9,939.2	1.6	2.1	9,730.5	1.8
Chemicals & Chemical Products	7,025.3	1.1	28.3	5,477.1	1.0
Rubber Products	4,102.6	0.6	44.3	2,843.3	0.5
Crude Rubber	3,508.9	0.5	105.2	1,710.0	0.3
Crude Petroleum	2,562.1	0.4	16.4	2,201.9	0.4
Optical & Scientific Equipment	1,837.4	0.3	92.6	954.0	0.2
Manufactures of Metal	1,345.2	0.2	-3.3	1,391.8	0.3
Machinery, Appliances & Parts	1,305.0	0.2	-7.6	1,411.9	0.3
LNG	1,272.0	0.2	88.4	675.1	0.1
EU	**68,693.1**	**10.7**	**14.3**	**60,096.9**	**10.9**
Manufactured Goods	**58,319.2**	**9.1**	**11.2**	**52,429.1**	**9.5**
Agricultural Goods	**9,177.9**	**1.4**	**41.5**	**6,484.9**	**1.2**
Mining Goods	**924.4**	**0.1**	**4.4**	**885.7**	**0.2**
E&E Products	35,773.3	5.6	7.4	33,302.4	6.0
Palm Oil	5,254.7	0.8	24.0	4,236.5	0.8
Chemicals & Chemical Products	3,557.8	0.6	40.5	2,532.4	0.5
Rubber Products	3,144.6	0.5	24.8	2,520.1	0.5
Crude Rubber	2,788.2	0.4	135.7	1,182.8	0.2
Optical & Scientific Equipment	2,617.4	0.4	21.8	2,149.7	0.4
Machinery, Appliances & Parts	2,486.4	0.4	32.3	1,878.7	0.3
Wood Products	1,785.2	0.3	-2.4	1,829.6	0.3
Manufactures of Metal	1,709.9	0.3	31.1	1,303.9	0.2
Transport Equipment	1,435.5	0.2	5.2	1,364.6	0.2
JAPAN	**66,294.5**	**10.4**	**24.3**	**53,345.5**	**9.7**
Manufactured Goods	**34,296.3**	**5.4**	**13.8**	**30,143.5**	**5.5**
Agricultural Goods	**3,310.5**	**0.5**	**25.5**	**2,638.7**	**0.5**
Mining Goods	**28,491.0**	**4.5**	**40.7**	**20,244.8**	**3.7**
LNG	25,169.0	3.9	33.8	18,817.5	3.4
E&E Products	18,268.7	2.9	15.4	15,831.1	2.9
Wood Products	3,185.9	0.5	0.5	3,171.5	0.6
Chemicals & Chemical Products	2,446.6	0.4	40.4	1,742.5	0.3
Optical & Scientific Equipment	2,014.0	0.3	-0.5	2,023.6	0.4
Palm Oil	1,756.9	0.3	22.7	1,431.3	0.3
Refined Petroleum Products	1,605.4	0.3	258.9	447.3	0.1
Manufactures of Metal	1,450.7	0.2	42.8	1,015.6	0.2
Manufactures of Plastics	1,240.0	0.2	24.4	997.0	0.2
Crude Petroleum	1,180.5	0.2	64.8	716.4	0.1
USA	**60,958.4**	**9.5**	**0.2**	**60,811.2**	**11.0**
Manufactured Goods	**55,430.6**	**8.7**	**-2.2**	**56,702.3**	**10.3**
Agricultural Goods	**4,574.5**	**0.7**	**44.7**	**3,160.9**	**0.6**
Mining Goods	**782.9**	**0.1**	**-5.9**	**832.4**	**0.2**
E&E Products	35,469.6	5.5	-11.2	39,922.0	7.2
Optical & Scientific Equipment	3,570.9	0.6	38.4	2,580.3	0.5
Rubber Products	3,509.9	0.5	26.1	2,782.6	0.5
Palm Oil	3,430.5	0.5	47.3	2,329.4	0.4
Wood Products	2,495.4	0.4	8.0	2,310.1	0.4
Textiles & Clothings	1,767.5	0.3	-1.4	1,792.6	0.3
Machinery, Appliances & Parts	1,641.3	0.3	33.7	1,227.8	0.2
Chemicals & Chemical Products	1,448.1	0.2	17.4	1,233.4	0.2
Processed Food	1,211.2	0.2	19.4	1,014.3	0.2
Manufactures of Metal	910.4	0.1	54.4	589.8	0.1

Note: neg. - negligible

Source: DOSM

Table 18: Import of Top Ten Products from Selected Sources, 2009-2010

Products	2010			2009	
	RM million	Share (%)	Change (%)	RM million	Share (%)
Total	**529,194.6**	**100.0**	**21.7**	**434,669.8**	**100.0**
Manufactured Goods	**430,491.4**	**81.3**	**19.9**	**358,953.4**	**82.6**
Agricultural Goods	**33,291.2**	**6.3**	**19.5**	**27,854.6**	**6.4**
Mining Goods	**55,182.2**	**10.4**	**46.8**	**37,595.4**	**8.6**
ASEAN	**143,479.4**	**27.1**	**29.6**	**110,687.4**	**25.5**
Manufactured Goods	**94,923.0**	**17.9**	**28.7**	**73,748.7**	**17.0**
Agricultural Goods	**17,647.7**	**3.3**	**24.5**	**14,175.9**	**3.3**
Mining Goods	**28,469.4**	**5.4**	**36.1**	**20,921.0**	**4.8**
Electrical & Electronic Products	41,113.5	7.8	35.5	30,333.4	7.0
Refined Petroleum Products	20,359.5	3.8	60.6	12,675.4	2.9
Chemicals & Chemical Products	11,562.2	2.2	17.7	9,826.9	2.3
Machinery, Appliances & Parts	7,871.6	1.5	26.3	6,234.5	1.4
Transport Equipment	7,213.7	1.4	28.0	5,634.8	1.3
Manufactures of Metal	6,667.6	1.3	32.3	5,040.1	1.2
Palm Oil	5,635.4	1.1	53.4	3,673.7	0.8
Crude Rubber	5,097.4	1.0	31.6	3,872.6	0.9
Optical & Scientific Equipment	3,587.8	0.7	41.3	2,539.6	0.6
Crude Petroleum	3,508.0	0.7	-19.0	4,329.2	1.0
PRC	**66,432.9**	**12.6**	**8.9**	**61,025.7**	**14.0**
Manufactured Goods	**62,283.8**	**11.8**	**8.5**	**57,413.1**	**13.2**
Agricultural Goods	**2,962.2**	**0.6**	**24.9**	**2,371.5**	**0.5**
Mining Goods	**719.5**	**0.1**	**-7.5**	**777.9**	**0.2**
Electrical & Electronic Products	30,811.4	5.8	-8.1	33,525.0	7.7
Machinery, Appliances & Parts	7,134.6	1.3	16.4	6,129.0	1.4
Chemicals & Chemical Products	5,184.6	1.0	35.4	3,828.7	0.9
Manufactures of Metal	3,926.5	0.7	54.5	2,541.3	0.6
Iron & Steel Products	2,823.8	0.5	75.5	1,608.6	0.4
Optical & Scientific Equipment	2,131.2	0.4	14.2	1,866.2	0.4
Transport Equipment	1,900.3	0.4	86.9	1,016.9	0.2
Textiles & Clothings	1,865.0	0.4	17.5	1,587.0	0.4
Vegetables, Roots, Tubers	1,096.8	0.2	29.2	848.7	0.2
Manufactures of Plastics	1,066.7	0.2	42.5	748.4	0.2
EU	**54,159.1**	**10.2**	**6.7**	**50,770.7**	**11.7**
Manufactured Goods	**52,842.7**	**10.0**	**6.9**	**49,445.0**	**11.4**
Agricultural Goods	**509.3**	**0.1**	**20.1**	**424.1**	**0.1**
Mining Goods	**288.6**	**0.1**	**-20.1**	**361.0**	**0.1**
Electrical & Electronic Products	19,782.3	3.7	12.2	17,636.3	4.1
Machinery, Appliances & Parts	8,244.5	1.6	-4.4	8,623.1	2.0
Chemicals & Chemical Products	6,916.5	1.3	6.0	6,523.7	1.5
Transport Equipment	5,751.3	1.1	8.7	5,292.9	1.2
Optical & Scientific Equipment	2,181.2	0.4	23.5	1,766.2	0.4
Manufactures of Metal	1,992.3	0.4	31.1	1,519.4	0.3
Iron & Steel Products	1,696.6	0.3	-27.4	2,337.2	0.5
Processed Food	1,422.4	0.3	28.3	1,108.6	0.3
Paper & Pulp Products	1,202.5	0.2	20.9	994.8	0.2
Beverages & Tobacco	736.6	0.1	18.9	619.3	0.1
Japan	**66,545.6**	**12.6**	**22.5**	**54,316.4**	**12.5**
Manufactured Goods	**65,459.0**	**12.4**	**25.7**	**52,076.1**	**12.0**
Agricultural Goods	**100.5**	**0.0**	**17.5**	**85.5**	**0.0**
Mining Goods	**283.0**	**0.1**	**35.5**	**208.8**	**0.0**
Electrical & Electronic Products	21,983.4	4.2	18.3	18,588.3	4.3
Machinery, Appliances & Parts	8,613.3	1.6	29.1	6,672.0	1.5
Transport Equipment	7,818.1	1.5	6.2	7,364.2	1.7
Manufactures of Metal	5,911.5	1.1	53.5	3,851.8	0.9
Iron & Steel Products	5,430.2	1.0	20.3	4,512.4	1.0
Chemicals & Chemical Products	4,723.0	0.9	33.7	3,533.6	0.8
Optical & Scientific Equipment	3,517.3	0.7	27.4	2,761.4	0.6
Jewellery	2,575.4	0.5	222.7	798.1	0.2
Manufactures of Plastics	1,263.2	0.2	24.4	1,015.4	0.2
Non Metallic Mineral Products	947.9	0.2	16.9	811.2	0.2
USA	**56,305.3**	**10.6**	**15.3**	**48,833.5**	**11.2**
Manufactured Goods	**53,770.1**	**10.2**	**15.2**	**46,686.8**	**10.7**
Agricultural Goods	**1,468.9**	**0.3**	**12.4**	**1,307.0**	**0.3**
Mining Goods	**540.1**	**0.1**	**41.1**	**382.9**	**0.1**
Electrical & Electronic Products	29,561.4	5.6	16.1	25,463.8	5.9
Machinery, Appliances & Parts	6,126.6	1.2	9.3	5,606.9	1.3
Chemicals & Chemical Products	4,653.8	0.9	26.5	3,677.5	0.8
Optical & Scientific Equipment	3,197.3	0.6	10.6	2,891.3	0.7
Transport Equipment	2,562.9	0.5	-13.6	2,967.6	0.7
Iron & Steel Products	1,777.5	0.3	87.9	945.9	0.2
Manufactures of Metal	1,483.0	0.3	16.2	1,276.8	0.3
Processed Food	913.5	0.2	21.3	753.4	0.2
Manufactures of Plastics	622.9	0.1	1.8	611.7	0.1
Paper & Pulp Products	507.1	0.1	18.9	426.4	0.1

Note: neg. - negligible
Source: DOSM

APPROVED MANUFACTURING PROJECTS WITH FOREIGN PARTICIPATION BY MAJOR SOURCE

Country	2010		2009	
	Foreign Investments (RM million)	Number of Projects	Foreign Investments (RM million)	Number of Projects
USA	11,738.6	47	2,345.0	19
Japan	4,029.4	61	7,041.4	54
Hong Kong SAR	2,766.5	11	5,315.7	7
Singapore	2,156.7	81	1,992.4	92
Germany	1,936.7	16	425.0	14
Taiwan	1,005.6	40	716.1	32
Netherlands	934.6	13	479.7	21
British Virgin Islands	889.9	3	375.3	11
PRC	639.5	20	162.2	17
Switzerland	574.1	5	85.9	8
Thailand	409.8	6	0.6	1
UK	348.8	17	325.8	24
Finland	319.1	2	123.8	1
France	210.4	5	19.1	3
ROK	199.2	7	455.5	11
Russian Federation	81.8	1	nil	nil
Australia	68.6	13	323.1	13
India	49.9	12	82.8	8
Pakistan	43.0	7	nil	nil
Cayman Islands	40.6	1	7.5	1
Others	613.7	97	1,867.6	93

Source: MIDA

BILATERAL AGREEMENTS ON TRADE AND INVESTMENT

Trade Agreements as at December 2010

No.	Country	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.	PRC	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.	Chinese Taipei	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.	ROK	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.	UAE	26.02.1962
55.	Uganda	16.04.1998
56.	Ukraine	19.08.2002
57.	Uruguay	09.08.1995
58.	USA	10.05.2004
59.	USSR (Russia)	03.04.1967
60.	Uzbekistan	06.10.1997
61.	Venezuela	26.11.1991
62.	Viet Nam	11.08.1992
63.	Yemen	11.02.1998
64.	Zimbabwe	09.07.1993

Source: MITI

Free Trade Agreements

No	Country	Date of Signing
1.	ASEAN Free Trade Agreement (AFTA)	28.01.1992
2.	ASEAN-China Free Trade Agreement (ACFTA)	29.11.2004
3.	Malaysia-Japan Economic Partnership Agreement (MJEPA)	13.12.2005
4.	ASEAN-Korea Free Trade Agreement (AKFTA)	26.08.2006
5.	Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA)	08.11.2007
6.	ASEAN-Japan Closer Economic Partnership Agreement (AJCEPA)	14.04. 2008
7.	ASEAN-Australia and New Zealand Free Trade Agreement (AANZFTA)	27.02.2009
8.	ASEAN-India Free Trade Agreement (Trade In Goods) (AIFTA TIG)	13.08.2009
9.	Malaysia-New Zealand Free Trade Agreement (MNZFTA)	26.10.2009
10.	Malaysia-Chile Free Trade Agreement (MCFTA)	13.11.2010

Free Trade Agreements

No	Country	Date of Signing
1.	Malaysia-Japan Economic Partnership Agreement (MJEPA)	13.12.2005
2.	Malaysia-Pakistan Free Trade Agreement (MPFTA)	18.02.2005
	• Early Harvest Programme (EHP)	01.10.2005
	• Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA)	08.11.2007
3.	The Framework Agreement on Comprehensive Economic Cooperation between ASEAN and PRC	04.11.2002
	• Early Harvest Programme (EHP)	01.01.2004
	• Trade in Goods (TIG) Agreement	01.07.2005
	• Trade in Services	14.01.2007
4.	The Framework Agreement on Comprehensive Economic Cooperation between ASEAN and ROK	13.12.2005
	• Trade in Goods (TIG) Agreement	13.12.2005
	• Trade in Services	12.11.2007

No	Country	Date of Signing
5.	The Framework Agreement on Trade Preferential System Among the Member States of the Organization of Islamic Conference (TPSOIC)	30.06.2004
	• Protocol on the Preferential Tariff Scheme for TPSOIC	27.03.2006
6.	D-8 Preferential Tariff Agreement (PTA)	13.05.2006
7.	Agreement towards implementing Comprehensive Economic Cooperation Agreement between the Government of Malaysia and the Government of the Republic of India on 1 July 2011	27.10.2010

Source: MITI

Bilateral Payment Arrangements/Agreements as at December 2010

No	Country	Date of Signing
IRANIAN MODEL		
1.	Bosnia-Herzegovina	13.11.1996
2.	Botswana	06.06.1991
3.	Fiji	12.10.1991
4.	Iran	08.08.1988
5.	Mozambique	27.04.1991
ALADI MODEL		
6.	Albania	24.01.1994
7.	Algeria	31.01.1992
8.	Argentina	03.12.1993
9.	Chile	21.06.1991
10.	Indonesia	18.06.2004
11.	Kyrgyz Republic	05.08.2002
12.	Lao PDR	16.04.1994
13.	Mexico	24.09.1990
14.	Peru	13.11.1991
15.	Philippines	20.05.1999
16.	Seychelles	21.09.1992
17.	Thailand	20.09.2002
18.	Tunisia	25.11.1992
19.	Turkmenistan	30.05.1994
20.	Viet Nam	29.03.1993
21.	Zimbabwe	07.06.1991

Notes : 1. Iranian Model: Under this model, the central banks are not involved in the settlement of financial claims arising from trade. The central banks guarantee to pay the respective foreign exporter for the export value in the event of default by the importer in their country.

2. ALADI Model: Under this model, the central banks will guarantee payments to their respective exporters in domestic currency and settle, on a period basis, the net amount due to each other in an agreed currency.

Source: BNM

Agreements on the Avoidance of Double Taxation as at December 2010

No	Country	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.	Canada	16.10.1976
9.	Chile	03.09.2004
10.	PRC	23.11.1985
	(Protocol)	05.06.2000
11.	Croatia	18.02.2002
12.	Czech Republic	08.03.1996
13.	Denmark	04.12.1970
	(Protocol)	03.12.2003
14.	Egypt	14.04.1997
15.	Germany	08.04.1977
16.	Fiji	19.12.1995
17.	Finland	28.03.1984
18.	France	24.04.1975
	(Protocol)	31.01.1991
19.	Hungary	24.05.1989
20.	India	25.10.1976
	(New Agreement)	14.05.2001
21.	Indonesia	12.09.1991
	(Protocol)	12.01.2006
22.	Iran	11.11.1992
	(Protocol)	22.07.2002
23.	Ireland	28.11.1998
24.	Italy	28.01.1984
25.	Japan	30.01.1970
	(New Agreement)	19.02.1999
26.	Jordan	02.10.1994
27.	Kazakhstan	26.06.2006
28.	Kuwait	06.04.1997
	(New agreement)	05.02.2003
29.	Kyrgyz Republic	17.11.2000
30.	Lebanon	20.01.2003
31.	Luxembourg	21.11.2002
32.	Malta	03.10.1995
33.	Mauritius	23.08.1992
34.	Mongolia	27.07.1995
35.	Morocco	02.07.2001
36.	Myanmar	09.03.1998
37.	Namibia	28.07.1997
38.	Netherlands	07.03.1988
	(Protocol)	04.12.1996
39.	New Zealand	19.03.1976
	(Protocol)	14.07.1994
40.	Norway	23.12.1970
41.	Pakistan	29.05.1982
42.	Philippines	27.04.1982
43.	Papua New Guinea	20.05.1993
44.	Poland	16.09.1977
45.	ROK	20.04.1982
46.	Romania	26.11.1982
47.	Russia	31.07.1987
48.	Saudi Arabia	31.01.2006
49.	Republic of Seychelles	03.12.2003
50.	Singapore	26.12.1968
	(Supplementary)	06.07.1973
	(New Agreement)	05.10.2004
51.	South Africa	26.07.2005
52.	Spain	24.05.2006
53.	Sri Lanka	16.09.1972
	(New Agreement)	16.09.1997

No	Country	Date of Signing
54.	Sudan	07.10.1993
55.	Sweden	21.11.1970
	(New Agreement)	12.03.2002
56.	Switzerland	30.12.1974
57.	Syria	26.02.2007
58.	Chinese Taipei	July 1996
59.	Thailand	29.03.1982
	(Protocol)	10.02.1995
60.	Turkey	27.09.1994
61.	UAE	28.11.1995
62.	UK	30.03.1973
	(New Agreement)	10.12.1996
63.	Uzbekistan	06.10.1997
64.	Venezuela	28.08.2006
65.	Viet Nam	07.09.1995
66.	Zimbabwe	28.04.1994

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

No	Country	Date of Signing
67.	Argentina	03.10.1997
68.	Saudi Arabia	18.07.1993
69.	USA	18.04.1989

Source: MOF

LIST OF IGAs SIGNED BY MALAYSIA AS OF JANUARY 2010

No	Country	Date of Signing
1.	USA	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.	UK	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.	ROK	11.04.1988
20.	PRC	21.11.1988
21.	UAE	11.10.1991
22.	Denmark	06.01.1992
23.	Viet Nam	21.01.1992
24.	Papua New Guinea	27.10.1992
25.	Republic of Chile	11.11.1992
26.	Laos	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[1]	07.07.1995
43.	Republic of Kyrgyz	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.	Republic of Czech	09.09.1996
51.	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.	Republic of Sudan	14.05.1998
64.	Republic of Djibouti	03.08.1998
65.	Republic of Ethiopia	22.10.1998
66.	Senegal	11.02.1999
67.	State of 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.	Republic of Slovak	12.07.2007
73.	Syrian Arab Republic	07.01.2009

Source: MITI

[1] *IGA Malaysia-Pakistan is superseded by MPCEPA (Malaysia-Pakistan Closer Economic Partnership Agreement) which was signed on 8 November 2007.*

IMPORT LICENSING

No.	Product	Issuing Authority
1.	Rice and paddy, including rice flour, rice polishings, rice bran and rice vermicelli	Ministry of Agriculture and Agro-based Industry
2.	Sugar : 1701, 1702.11 100, 1702.19 100, 1702.20 100, 1702.30 100, 1702.40 100, 1702.60 100, 1702.90 190, 1703	MITI
3.	Bird's nest, eggs of poultry, birds and testudinate (terrapin and the like), excluding turtle eggs	Veterinary Department
4.	Magnetic tape webs for video and sound recording	MITI
5.	Safety helmets : 6506.10 000	MITI
6.	Rice milling machinery including parts thereof	Ministry of Agriculture and Agro-based Industry
7.	Automatic cassette or cartridge loaders 8479.89.900	MITI
8.	Parts of automatic cassette or cartridge loaders 8479.90 000	MITI
9.	All single colour copying machines	MITI
10.	Apparatus or equipment to be attached to or connected to a public telecommunications network or system	SIRIM BERHAD
11.	All radio communications apparatus capable of being used for telecommunications in the frequency band lower than 3000 GHz or their motherboards, except for : (i) receiver that is designed for use in the broadcasting services; and (ii) radio telecommunications apparatus having a valid license issued by the Telecommunications Authority of any country or an International Automatic Roaming (IAR) card issued by a licensed operator	SIRIM BERHAD
12.	Motor vehicles for the transport of ten or more persons, including the driver: motor buses: completely knocked down completely built-up: new and used Other than motor buses for the transport of ten or more persons, including the driver. Motor vehicles for the transport of persons, goods or materials (including sports motor vehicles, other than those of heading 87.11): Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars (excluding go-karts and ambulances) Motor vehicles for the transport of goods	MITI
13.	Special purpose motor vehicles, other than those principally designed for the transport of persons or goods excluding firefighting vehicles (for example breakdown lorries, crane lorries, concrete-mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units)	MITI
14.	Chassis fitted with engines, for the motor vehicles of heading 87.02, 87.03, 87.04 or 87.05 and parts thereof: For motor vehicles falling within subheadings Nos. 8703.21 321, 8703.21 322, 8703.22 321, 8703.22 322, 8703.23 321, 8703.23 322, 8703.23 323, 8703.23 324, 8703.23 331, 8703.23 332, 8703.23 333, 8703.23 334, 8703.24 321, 8703.24 322, 8703.31 321, 8703.31 322, 8703.32 322, 8703.32 323, 8703.32 324, 8703.32 331, 8703.32 332, 8703.32 333, 8703.33 322, 8703.33 323, 8703.33 324, 8703.33 331, 8703.33 332, 8703.90 310, 8703.90 331, 8703.90 332, 8703.90 333, 8703.90 334, 8703.90 335, 8703.90 341, 8703.90 422, 8703.90 343, 8703.90 344, 8703.90 345 For motor vehicles falling within subheadings: 8702.10 121, 8702.10 122, 8702.10 900, 8702.90 121, 8702.90 122 and 8702.90 900 For ambulance For motor vehicles falling within heading 87.05 For motor vehicles falling within subheadings: 8703.10 100, 8703.10 900, 8703.21 221, 8703.21 222, 8703.21 400, 8703.22 221, 8703.22 222, 8703.22 400, 8703.23 221, 8703.23 222, 8703.23 223, 8703.23 224, 8703.23 231, 8703.23 232, 8703.23 233, 8703.23 234, 8703.23 400, 8703.24 221, 8703.24 222, 8703.24 400, 8703.31 221, 8703.31 222, 8703.31 400, 8703.32 221, 8703.32 222, 8703.32 223, 8703.32 231, 8703.32 232, 8703.32 233, 8703.32 400, 8703.33 221, 8703.33 222, 8703.33 231, 8703.33 232, 8703.33 400, 8703.90 221, 8703.90 222, 8703.90 233, 8703.90 234, 8703.90 235, 8703.90 400, 8704.10 211, 8704.10 219, 8704.10 311, 8704.10 319, 8704.21 210, 8704.21 220, 8704.22 210, 8704.22 220, 8704.23 210, 8704.23 220, 8704.31 210, 8704.31 220, 8704.32 210, 8704.32 220, 8704.90 210, 8704.90 220	MITI
15.	Chassis, not fitted with engines, for the motor vehicles of heading 87.02, 87.03, 87.04 or 87.05 and parts thereof	MITI
16.	Bodies (including cabs), for motor vehicles falling within heading Nos: 87.02, 87.03, 87.04 or 87.05: For ambulance For motor vehicles falling within subheading Nos : 8703.21 221, 8703.21 222, 8703.21 321, 8703.21 322, 8703.21 400, 8703.22 221, 8703.22 222, 8703.22 321, 8703.22 322, 8703.22 400, 8703.23 221, 8703.23 222, 8703.23 223, 8703.23 224, 8703.23 231, 8703.23 232,	MITI

No.	Product	Issuing Authority
	8703.23 233, 8703.23 234, 8703.23 321, 8703.23 322, 8703.23 323, 8703.23 324, 8703.23 331, 8703.23 332, 8703.23 333, 8703.23 334, 8703.23 400, 8703.24 221, 8703.24 222, 8703.24 321, 8703.24 322, 8703.24 400, 8703.31 221, 8703.31 222, 8703.31 321, 8703.31 322, 8703.31 400, 8703.32 221, 8703.32 222, 8703.32 223, 8703.32 231, 8703.32 232, 8703.32 233, 8703.32 321, 8703.32 331, 8703.32 332, 8703.32 333, 8703.32 400, 8703.33 221, 8703.33 222, 8703.33 231, 8703.33 232, 8703.33 321, 8703.33 331, 8703.33 332, 8703.33 400, 8703.90 221, 8703.90 222, 8703.90 223, 8703.90 224, 8703.90 225, 8703.90 231, 8703.90 232, 8703.90 233, 8703.90 234, 8703.90 235, 8703.90 310, 8703.90 331, 8703.90 332, 8703.90 333, 8703.90 334, 8703.90 335, 8703.90 341, 8703.90 342, 8703.90 343, 8703.90 344, 8703.90 345, 8703.90 400 For motor vehicles falling within subheading Nos : 8702.10 121, 8702.10 122, 8702.10 900, 8702.90 121, 8702.90 122, 8702.90 900	
17.	Motorcycles, auto cycles and cycles fitted within auxiliary motor	MITI
18.	Saccharin and its salt	Ministry of Health
19.	Unmanufactured tobacco; tobacco refuse	National Tobacco Board
20.	Road tractors for semi-trailers, completely built-up, used : 8701.20 220	MITI
21.	Parabolic antenna for outdoor use.	SIRIM BERHAD
22.	Parabolic equipment, antenna parts and accessories.	SIRIM BERHAD
23.	Acesulfame K	Ministry of Health
24.	Substances covered by The Montreal Protocol : Annex A to the Protocol : Group I : CFC-11 Trichlorofluoromethane CFC-12 Dichlorodifluoromethane CFC-113 1,1,2-Trichloro 1,2,2-trifluoroethane CFC-114 1,2-Dichlorotetra-fluoroethane CFC-115 Chloropentafluoroethane Group II : Halon-1211 Bromochlorodifluoromethane Halon-1301 Bromotrifluoromethane Halon-2402 Dibromotetrafluoromethane Annex B to the Protocol : Group I : CFC-13 Chlorotrifluoromethane CFC-111 Pentachlorofluoroethane CFC-112 Tetrachlorodifluoroethane CFC-211 Heptachlorodifluoropropane CFC-212 Hexachlorodifluoropropane CFC-213 Pentachlorotrifluoropropane CFC-214 Tetrachlorotetrafluoropropane CFC-215 Trichloropentafluoropropane CFC-216 Dichlorohexafluoropropane CFC-217 Chloroheptafluoropropane Group II : CCI Carbon tetrachloride (Tetrachloromethane) Group III: CHCCI Methyl Chloroform 3 3 (1,1,1, Trichloroethane)	MITI
25.	Chemicals covered under the 1988 Convention Against Illicit Traffic In Narcotic Drugs and Psychotropic Substances as listed below: 1. Ephedrine and its salts 2. Pseudoephedrine (INN) and its salts 3. Norephedrine and its salts 4. Potassium permanganate 5. Phenylacetone (phenylpropan-2-one) (1-phenyl-2-propanone) 6. N-acetylanthranilic acid 7. Isosafrole 8. 1-(1,3-Benzodioxol-5-yl) propan-2- one (3,4-methylnedioxyphenyl-2- propaanone) 9. Piperinal 10. Safrole 11. Ergometrine (INN) and its salts 12. Ergotamine (INN) and its salts 13. Lysergic acid and its salts	Ministry of Health
26.	Caffeine and its salts	Ministry of Health
27.	Optical disc mastering and replicating machines and parts thereof : 8479.89 200, 8479.90 000	MITI
28.	Coin-making machine	MITI

No.	Product	Issuing Authority
29.	Medicine-making machine : 8479.89 900	MITI
30.	Ships' derricks; cranes (excluding palfinger fully hydraulic compact, hydraulic loading crane and crawler crane), including cable cranes; mobile lifting frames, straddle carriers and works trucks fitted with a crane	MITI
31.	Special purpose motor vehicles, other than those principally designed for the transport of persons or goods excluding firefighting vehicles (for example breakdown lorries, crane lorries, concrete-mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units)	MITI
32.	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).	MITI
33.	The following substances structurally derived from Phenethylamine and their salts: (i) Clenbuterol (ii) Salbutamol (iii) Salmeterol (iv) Terbutaline (v) Formoterol (vi) Ractopamine	Ministry of Health
34.	Waste, paring and scrap of plastics : 39.15	MITI
35.	Liquid milk in any form including flavoured milk, recombined or reconstituted : 0401.30 110	MITI
36.	Liquid sterilised flavoured milk including flavoured milk, recombined or reconstituted : 2202.90 100	MITI
37.	Cabbage (round)	FAMA
38.	Coffee, not roasted	FAMA
39.	Cereal flours: Of wheat or of meslin (including atta flour) in packings of over 5 kg Of wheat or of meslin (including atta flour) in packing of not over 5 kg	MITI
40.	Activated clay and activated bleaching earth : 3802.90 100	MITI
41.	Billets of iron or steel	MITI
42.	Bars and rods (including wire rods), or iron or steel, hot-rolled, forged, extruded, cold- formed or cold-finished (including precision made); hollow mining drill steel: Wire rod Bars and rods (excluding wire rods), not further worked than hot-rolled or extruded: round Bars and rods, cold-formed or cold- finished (including precision made): round	MITI
43.	Alloy steel and high carbon steel in the form mentioned in heading Nos. 72.06 to 72.17: Wire rod: of high carbon steel: round of stainless or heat resisting steel: round of other alloy steel: round Bars and rods (excluding wire rods) and hollow mining drill steel: of high carbon steel: round of stainless or heat resisting steel: round of other alloy steel: round	MITI
44.	Standard wire, cables, cordages, ropes, plaited bands and the like, of aluminium wire but excluding insulated electric wires and cables : of steel reinforced aluminium of unalloyed aluminium of other aluminium alloys	MITI
45.	Insulated (including enamelled or anodised) electric wire, cables, bars and strip and the like (including co-axial cable), whether or not fitted with connectors: Telephone and telegraph (including radio relay) cables others: plastic insulated Power transfer wire, cable, bars, strip and the like: paper insulated	MITI
46.	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
47.	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
48.	Flat-rolled products of iron or non-alloy steel, of a width of less than 600 mm not clad, plated or coated	MITI
49.	Flat-rolled products of iron or non-alloy steel of a width of 600mm or more, clad, plated or coated within heading No. 72.10	MITI
50.	Flat-rolled products of iron or non-alloy steel of a width less than 600mm, clad, plated or coated within heading No. 72.12	MITI
51.	Tubes, pipes and hollow profiles, of cast iron : sub-heading No. 7303.00 000	MITI
52.	Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel within heading No. 73.04	MITI

No.	Product	Issuing Authority
53.	Other tubes and pipes (for example, welded, riveted or similarly closed), having circular cross-sections, the external diameter of which exceeds 406.4mm of iron or steel within heading No. 73.05	MITI
54.	Other tubes, pipes and hollow profiles (for example, open seam or welded, riveted or similarly closed), of iron or steel within heading No. 73.06	MITI
55.	Domestic animal, live or dead or any part thereof, including edible offals	Veterinary Department
56.	Pest including any vertebrate or invertebrate animal (including the eggs of such animals), fungus, bacterium, virus, viroid, mycoplasma like-organism, weeds or any other organism which is or is capable of being injurious to plants and includes any dangerous pests	Department of Agriculture
57.	Any invertebrate animal (including the eggs of such animals), fungus, bacterium, virus or any other organism which is beneficial to agriculture and which is not capable of being injurious to plants	Department of Agriculture
58.	Any animal or bird, other than a domestic animal or domestic fowl, whether alive or dead or any part thereof including all animals and birds specified in any written law in Malaysia	Wildlife Department
59.	Milk and milk products	Veterinary Department
60.	Lard, other pig fat, poultry fat, rendered or solvent extracted	Veterinary Department
61.	Fats of bovine cattle, sheep or goats, unrendered; rendered or solvent extracted fats (including "premier jus") obtained from those unrendered fats, tallow	Veterinary Department
62.	Lard stearin, oleo stearin and tallow stearin, lard oil, oleo oil, tallow oil not emulsified or mixed or prepared in any way	Veterinary Department
63.	Other animal oils and fats (including neat's- foot oil and fats from bones or waste)	Veterinary Department
64.	Sausages and the like, of meat, meat offal or animal blood	Veterinary Department
65.	Plants including any species of plant or any part thereof whether living or dead including the stem, branch, tuber, bulb, corm rhizome, stock, budwood, cutting, layer, slip, sucker, root, leaf, flower, fruit, seed or any other part or product whatsoever of a plant whether severed or attached excluding any plant intended for consumption or manufacturing purpose or any processed plant	Department of Agriculture
66.	Meat extracts and meat juices	Veterinary Department
67.	Fertilisers of animal origin only	Veterinary Department
68.	Bullet-proof vests, steel helmets and other articles of clothing intended as protection against attack	Police Department
69.	All pesticides imported for research and educational purposes under section 14(1) of the Pesticides Act 1974.	Pesticides Board
70.	Imitation arms including toy guns and toy pistols	Police Department
71.	Imitation hand grenades	Police Department
72.	Coral alive or dead except those which have been processed and used as jewellery	Department of Fisheries
73.	Poultry (fowls, chicks, ducks, geese, turkeys, guinea fowls and pigeons) alive or dead or any part thereof	Veterinary Department
74.	Meat and offals, fresh or preserved (dried, dehydrated, salted, pickled or smoked) frozen or chilled, of buffaloes, cattle, sheep and goats	Veterinary Department
75.	Bird's nest; eggs of poultry, birds, and testudinate (terrapin and the like) excluding turtle eggs	Veterinary Department
76.	Fireworks including fire crackers	Police Department
77.	Explosives including: - propellent powders - prepared explosives, other than propellent powders - safety fuses, detonating fuses, percussion or detonating caps, igniters; detonators - pyrotechnic articles - nitrocellulose - nitroglycerin - mercury fulminate - lead azide - lead styphnate - picric acid (trinitrophenol) - 2, 4, 6-trinitrotoluene (TNT) - pentaerythritol tetranitrate (PETN) - nitroguanidine - trimethylenetrinitramine (cyclotrimethylenetrinitramine)	Police Department
78.	All multicolour copying machines, and colour toner cartridge (any colour other than black) for photo copying machines	MITI
79.	Arms and ammunition as defined under the Arms Act 1960, other than personal arms and ammunition, imported by a bona fide traveller	Police Department
80.	Shotgun cartridges	MITI
81.	Waste as listed below: (i) Municipal waste (ii) Vegetation/plant waste (for example branches, stems, skins, husks, shells)	Ministry of Housing and Local Government
82.	Logs, wood in the rough, whether or not stripped of its bark or merely roughed down, wood roughly squared or half-squared but not further manufactured and Large Scantlings and Squares (LSS) having a cross section exceeding 60 square inches, excluding of Ramin timber	Malaysian Timber Industry Board
83.	Sawn timber, parts and derivatives, of Ramin timber	Malaysian Timber Industry Board
84.	Poles and piles, of Bakau (Rhizophora spp.)	Malaysian Timber Industry Board
85.	Used Tyres	MITI

APPENDIX 6

TEMPORARY EXCLUSION AND SENSITIVE LISTS FOR INVESTMENTS 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 approvals given.

Industries Open with Restriction to Foreign Investors

To utilise local resources, domestic market access and government facilities or the manufacturing of food-related products, foreign investments 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 licence 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 Defence Policy.

Manufacturing of firecrackers and fireworks.
Subject to control.

Manufacturing related to defence and security.
National Defence 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

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 others, 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 chips 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.

Textiles 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.

Industries Open with Restriction to Foreign Investors
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.

Bicycle-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 like.
Wood carving industry.
Business reserved for small-scale enterprises.

LAO PDR

Temporary Exclusion List
Industries Closed Only to Foreign Investors
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 citizens.
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.
Determined by Ministry of Public Health.

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 environmental reason.

Industries Closed Only to Foreign Investors
Fishing, operations of fishing hatcheries and fish farms; service activities incidental to fishing.

Investment activities shall satisfy at least 3 of the 6 additional conditions (*) to qualify for investment incentives.
(*) additional conditions on receiving investment incentive
1) *must use local labour at least 90% of total labour during the term of investment;*
2) *must use raw material of more than 50% of total production cost;*
3) *must use model technology;*
4) *must preserve the environment according to the Law of Environmental Protection;*
5) *must be promoted activities to other domestic production;*
6) *must have production activities for export of at least 80% of total production cost.*

Industries Open with Restrictions to Foreign Investors
Manufacture of basic chemicals, except fertilisers and nitrogen compounds.
Manufacture of fertilisers and nitrogen compounds
Manufacture of plastics in primary forms and of synthetic rubber.
Manufacture of pesticides and other agro-chemical products
Manufacture of paints, varnishes and similar coatings, printing ink and mastics.
Manufacture of pharmaceuticals, medicinal chemicals and botanical products.
Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations.
Manufacture of other chemical products n.e.c.
Manufacture of man-made fibres.
Not to be destructive to the environment and society.

Manufacture of psychothopic substances.
Subject to specific details provided by Ministry of Health.

Manufacture of veneer sheets; manufacture of plywood, lamin board, particle board and other panel boards.
Manufacture of builder's carpentry and joinery.
Manufacture of wooden containers.
Manufacture of other products of wood, manufacture of articles of cork, straw and plaiting materials.
The establishment of new wood processing factory is not permitted, except for utilising raw material from the reforestation of forest plantation.

Manufacture of pharmaceuticals.
Manufacture of motor vehicles.
Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers.
Manufacture of parts and accessories for motor vehicles and their engines.
Subject to local equity participation and/or export or high ratio of local content.

Distilling, rectifying and blending of spirits ethyl alcohol product.
Manufacture of wines.
Investment activities shall satisfy at least 3 of 6 the additional condition (*) to be qualified for investment incentives
(*) additional conditions in receiving investment incentive
1) *must use local labor at least 90% of total labor during of the term of investment;*
2) *must use raw material more than 50% of total production cost;*
3) *must use model technology;*
4) *must preserve the environment according to the Law of Environmental Production;*
5) *must be promoted activities to other domestic production;*
6) *must have production activities for export of at least 80% of total production cost*

MALAYSIA

Sensitive List
Industries Closed to 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.

Tobacco processing and cigarettes.
Closed.

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 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 to Both National and Foreign Investors
Manufacture of refined petroleum products
Reserved for the State sector.

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 organisation.
Only for export of high value-added wood-based products.

Manufacture of veneer sheets, manufacture of plywood, lamin board, particle board and other panels and board.
National policy on forestry

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 permits to be issued.

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

Manufacture of weapons and ammunition.
National Defence Policy.

Industries Closed Only to Foreign Investors
Sawmilling and planing 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 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, hold not less than 40% of registered capital. However, Minister of Commerce, with approval of Cabinet, may reduce said requirement to not less than 25%; and*
    - *shall have Thai nationals hold 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 of not less than that prescribed by Ministry of Commerce's regulations, which in any case not less than three million Baht. Shall apply for licence 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 cigarettes.
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.

VIET NAM

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 (R_6, R_{14}, R_{20}).
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.
Vegetable 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 steel rods, and D15-D114 mm seam steel pipe, zinc galvanized and colour sheets.
Production of NPK fertiliser.
Construction glass.
Fluorescent tubes and bulbs.
Fishing net production.
Lubrication oil, grease.
No new licence 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.
Downstream processing
30% local participation is required 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 types of :
- food crops; fruit crops; industrial crops; and processing industries.

On condition of partnership with the local 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 (finished 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 : medicinal 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
Agriculture
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 if located in production center of food crop concerned. Open new area out of Java and Bali Islands.

Traditional herbal plantation.
On condition of partnership with the local farmers cooperatives
- 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); medicinal 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 programmes 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
Industries Open with Restrictions to Foreign Investors
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
Industries Closed to Foreign Investors
Operation of hatcheries in the reservoirs.
Reserved for Lao citizen.

Industries Open with Restrictions to Foreign Investors
Agriculture
Hunting, trapping and game propagation, including related service activities.
Subject to specific approval and agreement with the Government.

Forestry
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
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 local medicine.
Subject to specific approval and agreement with the Government.

Mining and Quarrying
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

Industries Closed to Foreign Investors
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).

Industries Open with Restriction to Foreign Investors
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

Industries Closed to Both National and Foreign Investors
Forestry
Extraction of hardwood and sale of the same.
National policy on forestry.

Industries Closed Only to Foreign Investors
Fishery
Fishing of marine fish, prawn and other aquatic organisms.
The Government may permit by notifications.

PHILIPPINES

Sensitive List

Industries Closed Only to Foreign Investors
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 labour 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
Agriculture, Fishery, Forestry, Mining & Quarrying
Mining (other than small-scale mining).
Subject to the provisions of the Philippine Mining Act of 1995, the Constitution, and the Foreign Investments Act.
- *Exploration, development and utilisation of mineral resources are allowed 40% equity.*
- *100% equity is allowed on either technical or financial assistance for large-scale exploration, development, and utilisation of minerals.*

Deep sea fishing.
Foreign equity is restricted to a maximum of 40%.

Agriculture in public land.
Foreign equity for landownership is up to 40%

SINGAPORE

Sensitive List

Industries Closed to Both National and Foreign Investors
Pig farming.
Quarrying.
No more licences 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 the 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 licence 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 the following conditions:
- *shall obtain permission from Minister of Commerce, with approval of Cabinet, and shall also fulfill the 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 of not less than that prescribed by Ministry of Commerce's regulations, which in any case not less than three million Baht.
Shall apply for licence 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).

Agriculture (for Non-ASEAN Investors)
Artificially propagated or plant breeding.
Foreign equity participation is restricted to less than 50% of registered capital.
- *Foreign equity participation of 50% or more of registered capital can be made, subject to following conditions:*
  - *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 a business of not less than that prescribed by Ministry of Commerce's regulations, which in any case of not less than three million baht.*
- *Shall apply for licence or certificate from Department of Business Development.*
- *Shall comply with other conditions prescribed in Foreign Business Act B.E. 2542 (1999) and other related laws.*

VIET NAM

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 licence 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.

KEY ECONOMIC DATA–MALAYSIA

AREA
(square kilometers)

Malaysia	Peninsular Malaysia	Sarawak	Sabah
330,252	131,805	124,450	73,997[1]

	2010	2009
Population[2] (million)	**27.6**	**27.9**
Citizens	n.a	25.4
Bumiputera	n.a	16.8
Chinese	n.a	6.4
Indians	n.a	1.9
Others	n.a	0.3
Non-citizens	n.a	2.5
Population Growth (%)	2.2[3]	1.3
Labour Force (million)	**11.5**	**11.3**
Unemployment Rate (%)	**3.4**	**3.7**
Employment by Sector (%)		
Services	60.2	60.0
Manufacturing	16.9	16.6
Agriculture	13.2	13.5
Construction	9.2	9.3
Mining and Quarrying	0.5	0.6
Consumer Price Index (%)		
Malaysia	**1.7**	**0.6**
Peninsular Malaysia	1.8	0.5
Sabah	1.6	1.7
Sarawak	1.5	0.2
Industrial Production Index (2005=100)		
Overall	107.3	99.9
Mining	94.4	95.5
Manufacturing	112.2	101.0
Electricity	121.2	111.4
External Trade (RM billion)		
Export	639.4	552.5
Import	529.2	434.7
Total Trade	1,168.6	987.2
Trade Balance	110.2	117.8
Balance of Payment (RM billion) – (Net)		
Current Account	**90.5**	**112.1**
Goods	136.6	141.7
Services	0.9	4.7
Income	-25.2	-14.6
Transfer	-21.7	-19.6
Capital	-0.2	-0.2
Financial Account	**-21.9**	**-80.2**
Overall Balance	**-2.7**	**13.8**

	2010	2009
Gross Domestic Product (GDP)		
GDP in current prices (RM billion)	**766.0**	**679.7**
Agriculture	81.1	64.7
Mining and Quarrying	100.1	87.5
Manufacturing	200.0	173.2
Construction	24.8	22.4
Services	374.0	345.5
Less Undistributed FISIM	21.7	20.7
Plus Import Duties	7.6	7.0
Real GDP Growth Rate (%)	**7.2**	**-1.7**
Agriculture	1.7	0.4
Mining and Quarrying	0.2	-3.8
Manufacturing	11.4	-9.4
Construction	5.2	5.8
Services	6.8	2.6
International Reserves (RM billion) (as at 31 Dec 2010)	**328.6**	**331.3**
Reserves to GDP Ratio (%)	42.9	48.7
Reserves as Month of Retained Imports	8.5	9.7
Total External Debt (RM billion)	**226.3**	**233.9**
Medium and Long Term	146.9	155.4
Short Term	79.4	77.8
Debt Service Ratio (%)	6.4	6.5
Banking Institutions (RM billion) (as at Dec 2010)		
Total Deposit	1,140.8	1,062.9
Total Loans	883.6	783.4
Commercial Banks Interest Rates (%) (Dec 2010)		
Saving Deposits	1.00	0.86
BLR	6.27	5.51
Gross National Savings (% of GNP)	**35.6[e]**	**31.7**

[1] *Including the Federal Territory of Labuan*

[2] *2010 Population Census*

[3] *Average Annual Growth Rate (2000-2010)*

[e] *Estimated*

Sources: DOSM, BNM and MOF

ABBREVIATIONS AND ACRONYMS 2010

1.	10MP	Tenth Malaysia Plan
2.	1GP	Malaysia's Swiflet Industry Guideline
3.	1-InnoCERT	Innovation Certification for Enterprise Rating and Transformation
4.	1MDB	1Malaysia Development Berhad
5.	4PUs	Product Collection and Marketing Centres
6.	9MP	Ninth Malaysia Plan
7.	AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
8.	AANZFTA	ASEAN-Australia-New Zealand Free Trade Area
9.	ABAC	APEC Business Advisory Council
10.	ACDD	ASEAN Customs Declaration Document
11.	ACFTA	ASEAN-China Free Trade Agreement
12.	AD	Anti-dumping
13.	ADOC	APEC Digital Opportunity Centre
14.	AEC	ASEAN Economic Community
15.	AECSP	AANZFTA Economic Cooperation Support Programme
16.	AELM	APEC Economic Leaders' Meeting
17.	AEM	ASEAN Economic Ministers
18.	AFAS	ASEAN Framework Agreement on Services
19.	AFAS-8	ASEAN Framework Agreement on Services Protocol
20.	AFTA	ASEAN Free Trade Area
21.	AIM	Amanah Ikhtiar Malaysia
22.	AITIG	ASEAN-India Trade in Goods Agreement
23.	AJCEP	ASEAN-Japan Comprehensive Economic Partnership
24.	AKFTA	ASEAN-Korea Free Trade Agreement
25.	AMAF	ASEAN Ministers of Agriculture and Forestry
26.	AMDD	ASEAN Medical Device Directive
27.	AMEM	ASEAN Ministers on Energy Meeting
28.	AMIC	Aerospace Manufacturing Innovation Center
29.	AMM	APEC Ministerial Meeting
30.	AMRO	ASEAN+3 Macroeconomic Research Office
31.	AMS	ASEAN Member States
32.	ANNSR	APEC New Strategy for Structural Reform
33.	ANRPC	Association of Natural Rubber Producing Countries
34.	APAEC	ASEAN Plan of Action on Energy Cooperation
35.	APEC	Asia Pacific Economic Cooperation
36.	APEC SMEWG	Asia Pacific Economic Cooperation, Small and Medium Enterprise Working Group
37.	APs	Approved Permits
38.	A&P	Advertising and publicity programmes
39.	ASEAN	Association of South-East Asian Nations (Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam)
40.	ASEAN IPR	ASEAN Intellectual Property Right
41.	ASEAN-6	Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand
42.	ASEAN+3	ASEAN, the People's Republic of China, Japan and the Republic of Korea
43.	ASPEC	ASEAN Patent Search and Examination Cooperation
44.	ASW	ASEAN Single Window
45.	ATAP	ASEAN Transport Action Plan
46.	ATIGA	ASEAN Trade in Goods Agreement
47.	ATSP	ASEAN Tourism Strategic Plan
48.	BAC	Business Advisory Centre
49.	BAM	Branding Association of Malaysia
50.	BAP	Business Accelerator Programme
51.	BCIC	Bumiputera Commercial and Industrial Community
52.	BEC	Branding Entrepreneurs Conference
53.	BLR	Base Lending Rate
54.	BIC	Branding Innovation Centre
55.	Biz Portal	Business Portal
56.	BNM	Bank Negara Malaysia
57.	BOs	Business Opportunities
58.	BPR	Business Process Reengineering
59.	BRIC countries	Brazil, Russia, India and China
60.	C&E	Environmental consulting and engineering
61.	CAGR	Compounded Average Growth Rate
62.	CAP	Conformity Assessment Procedures
63.	CBD	Convention on Biological Diversity
64.	CEPT	Common Effective Preferential Tariff
65.	CIF	Creative Industry Fund
66.	CIPE	Capital Investment Per Employee
67.	CITM	China International Travel Mart
68.	CLMV	Cambodia, Lao PDR, Myanmar and Viet Nam
69.	CMIM	Chiang Mai Initiative Multilateralisation
70.	CMIS	Committee on Mandatory Industrial Standards
71.	CO	Certificate of Origin
72.	COMCEC	OIC Standing Committee for Economic and Commercial Cooperation
73.	CP	Competition Policy
74.	CPO	Crude Palm Oil
75.	CTAP	Creative Technoprenure Academy Programme
76.	CTH	Change in Tariff Heading
77.	CTIM	China International Travel Mart
78.	D-8	Group of Developing Eight
79.	DDI	Domestic Direct Investment
80.	Doha Round	Doha Development Agenda
81.	DOSM	Department of Statistics Malaysia
82.	DSU	Dispute Settlement Understanding
83.	DUID	Dewan Usahawan Industri Desa
84.	E&E	Electrical and Electronics
85.	E^2	Enrichment & Enhancement Programme
86.	E50	Award Enterprise 50 Award
87.	e-Commerce	Electronic Commerce
88.	EC	European Commission
89.	ECOTECH	Economic and Technical Cooperation
90.	EE&C	ASEAN Energy Efficiency and Conservation
91.	EGNRET	Expert Group Meeting on New and Renewable Energy Technologies
92.	EGS	Environmental Goods and Services
93.	EGSIE	EGS Information Exchange
94.	EHP	Early Harvest Programme
95.	EMC	Electromagnetic Compatibility
96.	EOR	Enhanced Oil Recovery
97.	e-PCO	e-Preferential Certificate of Origin
98.	EPP	Entry Point Project
99.	EPPs	Entry Point Projects
100.	EPU	Economic Planning Unit, Prime Minister's Department
101.	ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
102.	ETP	Economic Transformation Programme
103.	ETS	Electric Train Service
104.	EU	European Union
105.	FAMA	Federal Agriculture Marketing Authority
106.	FCL	Full Container Load
107.	FDI	Foreign Direct Investment
108.	FELCRA	Federal Land Consolidation and Rehabilitation Authority
109.	FELDA	Federal Land Development Authority
110.	FiT	Feed-in-Tariff
111.	FITEC	Institute Technology Centre
112.	FJCCIA	Federation of ASEAN Chambers of Commerce and Industry
113.	FMM	Federation of Malaysian Manufacturers
114.	FTA	Free Trade Agreement
115.	FTAAP	Free Trade Area of the Asia Pacific
116.	G-20	Group of Twenty Finance Ministers and Central Bank Governors
117.	GABEM	Gagasan Badan Ekonomi Melayu
118.	GATS	General Agreement on Trade in Services
119.	GCC	Gulf Cooperation Council
120.	GDP	Gross Domestic Product
121.	GERD	Gross Expenditure on R&D
122.	GHS	Globally Harmonised System
123.	GHz	Gigahertz
124.	GLCs	Government-Linked Companies
125.	GIs	Geographical Indications
126.	GNI	Gross National Income
127.	GP	Government Procurement
128.	GREAT	GHS Reference Exchange and Tool
129.	GSTP	Global System of Trade Preferences

130.	GTP	Government Transformation Programme
131.	GTFS	Green Technology Financing Scheme
132.	HALMAS	accreditation given to Halal Park operators
133.	HDC	Halal Development Corporation
134.	HDTV	High-definition television
135.	HLTO	High Level Trade Officials
136.	HPHT	High Pressure High Temperature
137.	HRDF	Human Resource Development Fund
138.	HSBB	High Speed Broadband
139.	IC	integrated circuit
140.	ICmic	IC Microsystems Sdn. Bhd.
141.	ICs	Integrated Circuits
142.	ICT	Information and Communication Technology
143.	IFAP	Investment Facilitation Action Plan
144.	IFC	International Finance Corporation
145.	IGA	Investment Guarantee Agreement
146.	IILS	International Integrated Logistics Services
147.	ILP	Industrial Linkage Programme
148.	ILS	Integrated Logistics Services
149.	IMD	Institute for Management Development
150.	IMF	International Monetary Fund
151.	IMT-GT	Indonesia Malaysia Thailand-Growth Triangle
152.	INFRA	Institut Kemajuan Desa
153.	INSKEN	National Entrepreneurship Institute
154.	IOR-ARC	Indian Ocean Rim Association for Regional Cooperation
155.	IP	Intellectual Property
156.	iPAC initiative	Intellectual Property Academy Collaborative Initiative
157.	IPC	International Procurement Centre
158.	IPI	Industrial Production Index
159.	IPO	Initial Public Offering
160.	IPP	Independent Power Producer
161.	IPR	Intellectual Property Right
162.	IPT	institutions of higher learning
163.	IRFGS	Industry Restructuring Financing Guarantee Scheme
164.	ITA	Investment Tax Allowance
165.	JAKIM	Malaysia Department of Islamic Development (Jabatan Kemajuan Islam Malaysia)
166.	JC	Joint Committee
167.	JCorp	Johor Corporation
168.	JICA	Japan International Cooperation Agency
169.	JPK	Entrepreneur Development Committee (Jawatankuasa Pembangunan Keusahawanan)
170.	KeTTHA	Ministry of Energy, Green Technology and Water
171.	KLIA	Kuala Lumpur International Airport
172.	KLIFD	Kuala Lumpur International Financial District
173.	KLIFF	Kuala Lumpur Islamic Financial Forum
174.	KOMITA	Consortium of Entrepreneurs of Food and Agro-based Industry (Konsortium Usahawan Makanan dan Industri Asas Tani)
175.	KPDNKK	Ministry of Domestic Trade, Co-operatives and Consumerism
176.	KTMB	Keretapi Tanah Melayu Berhad
177.	LAISR	Leaders Agenda to Implement Structural Reform
178.	LCCT	Low Cost Carrier Terminal
179.	LCL	Lesser Container Load
180.	LDCs	Least Developed Countries
181.	LEDs	Light Emitting Diodes
182.	LIMA	Langkawi International Maritime & Aerospace Exhibition
183.	LNG	Liquefied Natural Gas
184.	LPS	Lean Production System
185.	LUCT	Limkokwing University of Creative Technology
186.	M&E	Machinery and Equipment
187.	MAFTA	Malaysia-Australia FTA
188.	MAHA	Malaysia Agriculture, Horticulture and Agrotourism Show
189.	MAHB	Malaysia Airport Holdings Berhad
190.	MAI	Malaysia Automotive Institute
191.	MAJAICO	Malaysia-Japan Automotive Industry Cooperation
192.	MAMPU	Malaysia Administrative Modernisation and Management Planning Unit
193.	MAS	Malaysia Airlines
194.	MATRADE	Malaysia External Trade Development Corporation
195.	MCFTA	Malaysia-Chile Free Trade Agreement
196.	M-CORE	Micro Enterprise Competitiveness Rating for Enhancement
197.	MDeC	Multimedia Development Corporation
198.	MGCC	Malaysia- Gulf Cooperation Council
199.	MEA	Multilateral Environmental Agreement
200.	MEF	Micro Enterprise Fund
201.	MEUFTA	Malaysia-European Union Free Trade Agreement
202.	MFN	Most Favoured Nation
203.	MICECA	Malaysia-India Comprehensive Economic Cooperation Agreement
204.	MIDA	Malaysia Industrial Development Authority
205.	MIF	Mudharabah Innovation Fund
206.	MIHAS	Malaysia International Halal Showcase
207.	MIPR	Ministry of Industry and Primary Resources
208.	MISIF	Malaysian Iron and Steel Industry Federation
209.	MITI	Ministry of International Trade and Industry
210.	MITC	Melaka International Trade Centre
211.	MJEPA	Malaysia-Japan Economic Partnership Agreement
212.	MJICA	Malaysia-Japan International Cooperation Agency
213.	ML	Manufacturer's Licence
214.	MMHE	Malaysia Marine Heavy Engineering Holdings Berhad
215.	MNC	Multinational Corporation
216.	MNCs	Multinational Corporations
217.	MNP	Movement of Natural Persons
218.	MNZFTA	Malaysia-New Zealand Free Trade Agreement
219.	MOF	Ministry of Finance
220.	MOHE	Ministry of Higher Education
221.	MoU	Memorandum of Understanding
222.	MPC	Malaysia Productivity Corporation
223.	MPCEPA	Malaysia-Pakistan Closer Economic Partnership Agreement
224.	MRA	Mutual Recognition Arrangement
225.	MRL	Maximum Residue Limits
226.	MRO	Maintenance, Repairs and Overhaul
227.	MRT	APEC Ministers Responsible for Trade
228.	MRT	Mass Rapid Transit
229.	MS	Malaysian Standards
230.	MSA	Malaysia Steel Association
231.	MSC	Multimedia Super Corridor
232.	mscfd	million standard cubic feet per day
233.	mt	metric tonnes
234.	MTAB	Majlis Tindakan Agenda Bumiputera
235.	MTFTA	Malaysia-Turkey Free Trade Agreement
236.	MyIPO	Malaysia Intellectual Property Organisation
237.	NAMA	Non-Agricultural Market Access
238.	NAP	National Automotive Policy
239.	NBI	National Broadband Initiatives
240.	NCI	National Committee on Investments
241.	NDTS	National Dual Training System
242.	NEDECS	National Entrepreneurial Development Curriculum Standards
243.	NEM	New Economic Model
244.	NGOs	Non-Governmental Organisations
245.	NKEA	National Key Economic Area
246.	NKEAs	National Key Economic Areas
247.	NSDC	National SME Development Council
248.	NSW	National Single Window
249.	NTB	Non-Tariff Barrier
250.	NVOCC	Non-Vessel Operating Common Carrier
251.	NWCC	National Wage Consultation Council
252.	OCP	Operational Certification Procedures
253.	OECD	Organisation for Economic Co-operation and Development
254.	OFSU	Field Services Unit
255.	OHQ	Operational Headquarters
256.	OIC	Organization of the Islamic Conference
257.	OPEC	Organization of the Petroleum Exporting Countries
258.	ORC	One Referral Centre
259.	PEMANDU	The Performance Management and Delivery Unit
260.	PEMUDAH	The Special Task Force to Facilitate Business
261.	PERDASAMA	Persatuan Pedagang dan Pengusaha Melayu Malaysia
262.	PETRONAS	Petroliam Nasional Berhad
263.	PIA	Permit Issuing Agency
264.	PIPB	Master Plan for Bumiputera Development in the Manufacturing Sector
265.	PIS	Priority Integration Sectors

266.	PPP	Purchasing Power Parity/Public-Private Partnership/ Private Partnership Programme
267.	PRC	People's Republic of China
268.	PRETAS	Protocol on the Preferential Tariff Scheme for TPS-OIC
269.	PS	Pioneer Status
270.	PSMB	Pembangunan Sumber Manusia Berhad
271.	PSMB	Human Resources Development Berhad
272.	PSR	Product Specific Rules
273.	PTA	Preferential Trade Agreement
274.	PTP	Private Training Centre
275.	R&D	Research and Development
276.	RDC	Regional Distribution Centre
277.	RE	Representative Office/Renewable Energy
278.	RECOE	Renewable Energy Centre of Excellence
279.	RFID	Radio-frequency identification
280.	RISDA	Rubber Industry Smallholders Development Authority
281.	RO	Regional Office
282.	ROK	Republic of Korea
283.	RoO	Rules of Origin
284.	RTA	Regional Trade Agreement
285.	RVC	Regional Value Content
286.	S&D	Special and Differential
287.	SBC	Small Business Corporation
288.	SCM	Subsidies and Countervailing Measures
289.	SCORE	SME Competitiveness Rating for Enhancement
290.	SDC	Sabah Development Corridor
291.	SDSI	One District One Industry
292.	SEAP	SME Expert Advisory Panel
293.	SEG	Standardisation Experts Group
294.	SEP	Undergraduate Entrepreneurship Programme
295.	SESB	Sabah Electricity Sdn Bhd
296.	SESCO	Syarikat SESCO Bhd
297.	SFD	Social Fund for Development
298.	SIFE	Student in Free Entreprise
299.	SIRIM	Standard and Industrial Research Institute of Malaysia
300.	SLSAM	Soft Loan Scheme for Automation and Modernisation
301.	SME AGS	SME Assistance Guarantee Scheme
302.	SME Corp. Malaysia	Small and Medium Enterprises Malaysia Corporation Malaysia
303.	SMEIPA	SME Integrated Plan of Action
304.	SMEMM	Small and Medium Enterprises Ministerial Meeting
305.	SMEs/SMIs	Small and Medium Enterprises/Industries
306.	SMEWG	Small and Medium Enterprises Working Group
307.	SMIDEX	Small and Medium Industries Development Exhibition
308.	SMIIC	Standards and Metrology Institute for Islamic Countries
309.	SPM	Specific Project Missions
310.	SPS	Sanitary and Phytosanitary
311.	SSL	Solid State Lighting
312.	SVS	Scalp Vein Sets
313.	TAP	Technopreneur Academy Programme
314.	TBT	Technical Barriers to Trade
315.	TEKUN	Tabung Ekonomi Kumpulan Usaha Niaga
316.	TEU	Twenty-Footer Equivalent Unit
317.	TFP	Total Factor Productivity
318.	TIG	Trade In Goods
319.	TNB	Tenaga Nasional Bhd
320.	ToT	Training-of-Trainers
321.	TNC	Trade Negotiation Council
322.	TMHS-PWG	Traditional Medicine and Health Supplement Product Working Group
323.	TPM	Technology Park Malaysia
324.	TPP	Trans-Pacific Strategic Economic Partnership
325.	TPRM	Trade Policy Review Mechanism
326.	TPS-OIC	Protocols of Trade Preferential System among OIC Member States
327.	TPS-OIC RoO	TPS-OIC Rules of Origin
328.	TQM	Total Quality Management
329.	TRIPS	Trade-Related Aspects of Intellectual Property Rights
330.	TYPOA	OIC Ten-Year Programme of Action
331.	UAE	United Arab Emirates
332.	UIA	Universiti Islam Antarabangsa
333.	UiTM	Universiti Teknologi MARA
334.	UK	United Kingdom
335.	UKM	Universiti Kebangsaan Malaysia
336.	UM	Universiti Malaya
337.	UNCTAD	United Nations Conference on Trade and Development
338.	UniKL	University Kuala Lumpur
339.	UniMAP	Universiti Malaysia Perlis
340.	UNITAR	United Nations Institute for Training and Research
341.	UPM	Universiti Putra Malaysia
342.	USA	United States of America
343.	VDP	Vendor Development Programme
344.	WCGS	Working Capital Guarantee Scheme
345.	WGs	Working Groups
346.	WebTR	Website on Tariffs and RoO
347.	WGHAPAS	Working Group on Halal Products and Services
348.	WGIC	Working Group on Industrial Cooperation
349.	WIEF	World Islamic Economic Forum
350.	WP29	World Forum for Harmonization of Vehicle Regulations
351.	WTO	World Trade Organization
352.	YEP	Young Entrepreneurs Programme
353.	FZF	Free Zone Form