

# Recollective

Global Edition | Issue #04, October 2021



MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY  
OF MALAYSIA



## THE PLACE TO BE

MALAYSIA'S FDI SURGE AUGURS  
MOUNTING CONFIDENCE



# ABOUT RECOLLECTIVE

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**MITI's Recollective Global Edition** features Malaysia's competitiveness as a trade and investment hub for the world. This issue focuses on helping industries adapt to life with the pandemic via a Whole-of-Nation approach to accelerate Malaysia's journey to economic recovery.

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# Twelfth Malaysia Plan Catalyst for Sustainable Economic Growth

12MP to Drive Sustainability, Inclusivity, and Strengthening Economic Growth for Malaysia.

**THE** Twelfth Malaysia Plan (12MP) is key to sustainable economic growth for Malaysia after efforts were being inhibited by the COVID-19 pandemic.

The national development agenda presented by the Malaysian Prime Minister Datuk Seri Ismail Sabri Yaakob were said to be based on comprehensive, long-term strategic goals to propel the economy to greater heights, encourage rapid growth and improve the overall wellbeing of Malaysians. 12MP is an

ongoing effort of The Honourable Tan Sri Dato' Haji Mahiaddin bin Haji Mohd Yassin, with holistic participation from various parties.

The allocation of RM400 billion reflects the government's commitment to meet the challenges of the dynamic global economy. The 12MP projects an average annual private investment of RM258 billion. To achieve this target, the Ministry of International Trade and Industry (MITI) will strengthen the country's economic fundamentals by promoting a





The 12MP aims to increase the MSMEs sector GDP contribution by 45%.

transparent and business-friendly trade and investment environment. The Government will ratify the Regional Comprehensive Economic Cooperation Agreement (RCEP) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) which will provide wider market access to local industries.

Furthermore, the 12MP also emphasises the development of growing sectors for the betterment of the national economy, in line with MITI's efforts including the development of the Fourth Industrial Revolution (4IR), environmental, social and governance (ESG) elements, Halal and Aerospace industries. This conforms to the National Investment Aspirations Policy (NIA) to attract high-impact and high-tech foreign investors (FDI) to enhance Malaysia's competitiveness and attractiveness as a regional investment hub.

The Prime Minister's assertion to make Malaysia a carbon-neutral country as early as 2050 is in line with the NIA's thrust to accelerate green growth by placing more emphasis on ESG. Following this, MITI prioritises efforts to strengthen the ecosystem for the development of Energy Efficient Vehicles (EEV) including Electric Vehicles (EV). This includes manufacturing critical components, setting standards and promoting research capability to develop local technologies.

To ensure the growth of an inclusive new sector, micro, small and medium enterprises (MSMEs) are also encouraged to adopt automation, technology and digitalisation for business sustainability. As the MSMEs are the backbone of the national economy, the 12MP also aims to increase the sector's GDP contribution to 45%.

MITI provides various means aimed at assisting MSMEs such as easy financing schemes through MIDEF. The empowerment of MSMEs through digitisation will inject dynamism into the entire economic chain, especially in rural areas in line with the Shared Prosperity Vision 2030 to make Malaysia a sustainable development country with fair, equitable and inclusive economic distribution.

While the investment and trade landscape remains challenging and competitive, I am confident that the 12MP is well on track, supported by the National Recovery Plan (NRP) which has outlined a number of proactive measures to drive the economic recovery agenda and ensure sustainable growth.



As Malaysia aspires to be carbon neutral by 2050, MITI will put more emphasis on the development of Energy Efficient Vehicles (EEV) particularly the Electric Vehicles (EV). This will promote the manufacturing activities of critical EV components and build research capabilities among local technology developers too.



# Malaysian Prime Minister Launches National Trade Blueprint

Blueprint to Increase Malaysia's Trade Competitiveness.

**PRIME MINISTER DATO' SRI ISMAIL SABRI BIN YAAKOB** has launched the National Trade Blueprint or NTBp, a blueprint to increase Malaysia's trade competitiveness through an improved business ecosystem.

Ismail said that the Blueprint outlines a 5-year (2021-2025) development strategy and initiatives to enhance Malaysia's trade competitiveness, specifically in the exports of merchandise. The Blueprint aims to position Malaysia as a dynamic and pre-eminent trading nation through sustainable export development.

The Blueprint provides opportunities to augment Malaysia's institutional frameworks to lift the export economy onto a growth trajectory. To achieve this, NTBp complements other current policies and master plans by converging objectives, reconciling initiatives, and bringing together the various stakeholders in the value chain towards the central goal of an export framework. It aims to attune to the current trade landscape in

the light of the rapidly evolving global trends while addressing the business community's needs.

The Blueprint's framework is guided by 4 strategic priorities, 3 strategic themes and 8 strategic thrusts with 40 recommendations to improve and enhance Malaysia's trade competitiveness.

Among the specific areas under the ecosystem covered by the NTBp are Trade Facilitation & Logistics, Standards & Conformance, Trade Promotion & Market Access, Sustainability & Innovation, Digitalisation & Technology as well as Investment and Branding.

Each strategic thrust will pursue a set of key strategies according to the specific areas to fulfil its strategic aim. A number of action plans are identified that will facilitate and enhance trade competitiveness throughout the business ecosystem.



The achievements of NTBp through the outcomes and impacts of its action plan under the 8 strategic thrusts will support the realisation of the export target of the 12th Malaysia Plan and its priority goals.

Senior Minister Dato' Seri Mohamed Azmin Ali, who is also the Minister of International Trade and Industry, thanked various parties involved in the development of the Blueprint. "It is heartening to note that the synergies between the public and private sectors in pooling their resources to formulate this valuable document as we continue working to propel the nation's economy", he said.

The development of the Blueprint took one year to complete and involved participation from both the public and private sectors.

To implement and monitor the recommendations, 8 Working Groups (WGs) have been formed according to their specific areas within the ecosystem. For efficiency, these WGs shall report to the existing Jawatankuasa Koordinasi Eksport (JK-X), chaired by the Chief Secretary to the Government of Malaysia.

Concerted efforts from Ministries, Agencies and other stakeholders within the business ecosystem is crucial to ensure the successful implementation of NTBp.

For more information on NTBp, visit [www.matrade.gov.my/ntbp](http://www.matrade.gov.my/ntbp).

### **ABOUT NATIONAL TRADE BLUEPRINT (NTBP) ([www.matrade.gov.my/ntbp](http://www.matrade.gov.my/ntbp))**

The National Trade Blueprint (NTBp) is a blueprint developed by Malaysia External Trade Development Corporation (MATRADE) under the purview of The Ministry of International Trade and Industry (MITI) to increase Malaysia's trade through an improved business ecosystem.

It outlines a 5-year (2021-2025) timeframe strategic direction and tactical measures to

enhance Malaysia's export competitiveness, specifically in the exports of merchandise. It aims to position Malaysia as a dynamic and pre-eminent trading nation through sustainable export development.

NTBp provides opportunities to augment Malaysia's institutional framework to lift the export economy onto a growth trajectory that is attuned to the rapidly evolving global trends.

To achieve this, NTBp complements other current policies and master plans by converging objectives, reconciling initiatives, and bringing together the various stakeholders in the value chain towards the central goal of an export framework that is aligned with the current trade landscape and business community's needs.

Concerted efforts from Ministries, Agencies, State Governments and other stakeholders are crucial to ensure successful implementation of the Blueprint to achieve the export target outlined in RMK-12.

### **ABOUT MATRADE**

The Malaysia External Trade Development Corporation (MATRADE) was established on March 1, 1993. It is Malaysia's national trade promotion organisation and the external trade promotion arm of the Ministry of International Trade and Industry (MITI). Our purpose:

- Facilitate access to foreign markets
- Digitise exports through e-commerce initiatives
- Provide market intelligence for exporters to remain competitive
- Support national export plans
- Build export readiness
- Build linkages to connect local exporters to foreign buyers and markets
- Provide specialised support to advance exports
- Strengthen the brand of Malaysia

# Investing in Resilience

Special Address by Dato' Seri Mohamed Azmin Ali, Senior Minister, Ministry of International Trade and Industry at the Invest Malaysia Kuala Lumpur 2021 Seminar.



**THE** virtual seminar was riding on the overarching theme of building a sustainable economy, strategically chosen as the foundation for sustainable investment. Just like the rest of the world, Malaysia's economy has been battered by the onslaught of the COVID-19 pandemic. Bursa Malaysia, the stock exchange of Malaysia, has taken a beating on the chin yet remain standing.

The Honourable Dato' Seri Azmin Ali said, "It is quite evident that investing in resilience is to invest for long-term strategic gains in as much as we want capital inflows that could promote economic growth. In this regard, we place top priority on both Foreign Direct Investment (FDI) and Direct Domestic Investment (DDI) as they clearly have a positive impact on growth."

He also said that Malaysia has the fundamentals for resilience and despite Keynes' famous quote "in the long run we are all dead", resilience is essential for long term sustainability. He went on to expand on how the Malaysian industries, SMEs, and businesses have been responding, how MITI has been shaping policies and strengthening them with targeted initiatives, and how MITI has been actively participating in regional and global agreements to boost trade - with capital investments as well as technological advancements - the key elements to Malaysia's national aspirations.



“In the trade sector, total trade in August 2021 saw an upward trajectory with exports growing by 18.4% to reach RM95.6 billion, and total trade also expanding by 15.7% to RM169.8 billion. Since February 2021, total trade recorded double-digit growth for seven consecutive months. Bank Negara has projected that our export growth for 2021 is at 8.2% driven mainly by increased external demand from Malaysia’s major trading partners such as ASEAN, the People’s Republic of China and the United States.”

“In the first half of 2021, FDI soared by 223.1 per cent compared to the same period in 2020. Malaysia recorded RM107.5 billion of total approved FDI and DDI in the manufacturing, services and primary sectors - almost 70% higher compared to the same period last year. These investments made involved 2,110 projects and are expected to generate 45,000 job opportunities.”

An increasing number of capital-intensive projects approved by MIDA will help create a wide spectrum of high-value and skilled employment opportunities. Malaysia continues to attract high value, high-tech investments through its pool of high-skilled talents and

readiness in adopting advanced technology for value-added industries.

While the global vaccine distribution inequity had delayed Malaysia’s mass rollout initially, it has now secured adequate supply, even for booster shots. Thanks to an all-of-society approach, with the nation’s key business sectors playing their role, its aggressive vaccine rollout is moving even faster than that of most advanced nations. As of 10th October 2021, the vaccination rate for the adult population has reached 90%.

The FMM-MIER Business Conditions Survey in the second half of 2020 noted that business activity, both local and export demand, would pick up in the second half of 2021. Malaysia is pulling out all the stops to make sure that progress remains constant and to learn not only to live but begin to thrive again, within a world where COVID-19 is endemic.

“In this regard, pursuant to our National Recovery Plan (NRP), all sectors of the economy are up and running with commercial and retail outlets coming back to life again. Additionally, as of Monday, 11th October 2021, state borders are reopened and Malaysians are

Thanks to an all-of-society approach, with Malaysia’s key business sectors playing their role, its aggressive vaccine rollout is moving even faster than that of most advanced nations.



now allowed to travel overseas. We believe that this latest development will provide a strong impetus for the economy to be that vital shot in the arm as a booster for growth and recovery," said Azmin.

"This journey of winning the trust of investors has been a two-way process: we have learned much from them to help shape our long-term plans and policies in a way that would also meet our National Investment Aspirations (NIA), which underscores Malaysia's comprehensive approach towards reinvigorating the investment ecosystem and respond adequately to emerging megatrends as well as the evolving needs of our investors. The NIA will ensure that our aspirations are reflected cohesively across all current plans, helping to streamline the mandates of all Investment Promotion Agencies as well as the GLCs and GLICs."

"Moving forward, the Government will also continue to strengthen the country's economic fundamentals through the implementation of open, transparent, and business-friendly trade and investment policies. This includes the ongoing efforts by the Government to ratify the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Cooperation Agreement (RCEP)."

These agreements drive progress across a number of key objectives of Malaysia's NIA. For example, the ASEAN Digital Transformation Agenda enables Malaysia's commitment to incorporate comprehensive digital economy elements in international trade arrangements that will improve stability, lower risks and reduce compliance costs. Additionally, these integrative measures will work towards greater enhancement of supply-chain resilience which is so essential for Malaysia, whose economy is substantively anchored on the vibrancy of international trade.

Malaysia will continue to target high quality, advanced technology-oriented investments

in new growth areas that also focus on long-term sustainability that is compatible with the Environmental, Social and Governance (ESG) goals, as new investments that are anchored upon these elements will propel growth in the technologically sophisticated sectors.

As encapsulated in the Twelfth Malaysian Plan (12MP), particular emphasis is given to ESG elements as the new licence for businesses to operate since there is increasingly no alternative with both consumers and investors demanding it. ESG will map how business can be a catalyst for addressing Malaysia's climate crisis and the challenges and opportunities that the climate change economy presents.

He closed by saying, "No man is an island entire of itself: every man is a piece of the continent, a part of the main". Likewise, I believe no nation no matter how strong or advanced can succeed alone or can remain resilient as we continue to face the challenges that lie ahead. However, if we pool our strengths together, join hands in enhancing our efforts at integration and work towards the achievement of progress and shared prosperity, I believe we will succeed."



**WITH MALAYSIA'S STRONG ECONOMIC FUNDAMENTALS, WE ARE CONFIDENT IN THE PROSPECT OF SUSTAINABLE RECOVERY, EQUITABLE ECONOMIC GROWTH AND SHARED PROSPERITY. WE ARE DETERMINED TO ACHIEVE ALL THIS THROUGH COLLABORATION, PARTNERSHIP AND A SPIRIT OF OPTIMISM THAT ENVISIONS - NOT JUST MALAYSIA OR THE ASEAN - BUT THE WHOLE WORLD, HEADING TOGETHER TOWARD A BRIGHTER FUTURE."**

# 12MP to Promote Catalytic Growth for the Malaysian Aerospace Industry

The Aspiration of the 12MP Is Also in Line with the Malaysian Aerospace Industry Blueprint 2030



**THE TWELFTH MALAYSIA PLAN (12MP)** is set to propel the growth of the local aerospace industry as it has been identified as one of the high-impact strategic industries to move Malaysia towards a high-technology nation.

Datuk Lim Ban Hong, Deputy Minister of Malaysia's Ministry of International Trade and Industry, made a working visit to UMW Aerospace Sdn Bhd (the first Malaysian Tier-1 aerospace engine component manufacturer) recently and took note of the need to build a strong collective effort to further develop our vibrant and thriving aerospace industry.

Hosting the visit was UMW Group Chief Mobility and Innovation Officer as well as President of the Aerospace Division Dato' Abdul Rashid Musa. The session was joined by the Malaysian Investment Development Authority's (MIDA) Deputy CEO Mr Ahmad Khairuddin Abdul Rahim, MIDA's Transportation Technology Division Director Mr Zahirul Ishak and MIDA's Selangor Director Ms Noor Aini Samoon.

The aerospace industry, which is projected to generate RM30 billion in revenue, will gener-

ate 30,000 job opportunities by the year 2025. In 2019, it recorded a turnover of RM16.2 billion and an export value of RM8.81 billion. There are currently about 27,500 skilled workers in this field and over 230 Malaysian local and multinational companies are involved in the supply chain of the global aerospace industry. In this regard, the Government will continue to work with the private sector to develop the existing aerospace cluster.

The aspiration of the 12MP is also in line with the Malaysian Aerospace Industry Blueprint 2030 that aims to position the country as an aerospace hub in Southeast Asia and one of the key players in the Asia Pacific. Ministry of International Trade and Industry (MITI), MIDA and National Aerospace Industry Coordinating Office (NAICO), are committed to promoting more investment of high-tech enterprises in the aerospace industry via various incentives and business-friendly policies.

As the world transitions into the endemic and economic recovery phase, the aerospace industry also holds a promising growth map in the years ahead. It presents exponential potentials for the upstream and downstream industries of the value chains, offering huge economic benefits to the local SME manufacturing industries.

This, undoubtedly, will support the National Investment Aspirations (NIA) framework that MITI has introduced, which is aimed at reinvigorating the national investment landscape and enhancing long-term national competitiveness.



# BASF Petronas Chemicals to Ramp-Up Production in Kuantan, Malaysia

The Expansion Plan Was Announced during the Trade and Investment Mission (TIM) to Germany Led by Senior Minister and Minister of International Trade and Industry.

**BASF PETRONAS CHEMICALS SDN. BHD. (“BPC”)**, a joint venture between BASF and PETRONAS Chemicals Group Berhad (“PCG”), plans to expand its annual production capacity of 2-Ethylhexanoic Acid (2-EHA) at its Verbund site in Gebeng Industrial Area, Kuantan, Pahang. This milestone looks to not only strengthen the Company’s presence in Asia but also meet the demands of its customers worldwide.

BPC’s announcement was one of the key discussion points during the meeting between BASF, represented by Dr Markus Kamieth, Member of the Board of Executive Directors of BASE SE and the Trade and Investment Mission’s (TIM) delegation to Germany, led by His Honourable Dato’ Seri Mohamed

Azmin Ali, Senior Minister and Minister of International Trade and Industry (MITI), on 13 October 2021.

His Honourable Dato’ Seri Mohamed Azmin Ali commended the BPC project and expansion plan in Malaysia, saying: “BPC, as a fully integrated oil and gas multinational, has been instrumental in propelling the growth and further value-adding to Malaysia’s speciality chemical ecosystem. The Government, through MITI and MIDA will continue to provide the requisite assistance to the Company to realise their future plans, reinforcing our commitment to attract and sustain quality investments in the country. This is crucial as our industries manufacture for a cleaner, greener, more sustainable future in line with



the Environment, Social and Governance values (ESG) under the United Nations Sustainable Development Goals (UNSDG)."

Apart from the production site in Kuantan, Malaysia, BASF produces 2-EHA at its Verbund site in Ludwigshafen, Germany. BPC proposes to increase its annual production capacity of 2-EHA from 30,000 to 60,000 metric tons by 2024.

Mr Vasilios Galanos, Senior Vice President, Intermediates Asia Pacific of BASF commented, "We are committed to supporting our customers' growing demand in various 2-EHA downstream applications such as synthetic lubricants for the white goods industry and PVB plasticisers for safety glass production in the construction and automotive segments. With the increased capacity, we continue to ensure persistent supply capability in Asia Pacific with the highest standard of product quality."

Datuk Sazali Hamzah, Managing Director and CEO of PCG further elaborated, "2-EHA has been an integral part of BPC's growth and it is timely that the expansion is planned to capture the growing market. The expansion is also in line with PCG's sustainable growth strategy to expand our portfolio with higher value products. By leveraging the existing integration between BPC and other PCG plants in the Kuantan Verbund site, we are able to maximise our value chain by improving the quality and cost competitiveness of our products and continue delivering innovative solutions to our customers."

Mr Marko Murtonen, Managing Director of BPC also mentioned, "This expansion marks another milestone of the well-established partnership between BASF and PCG. It reinforces our commitment to expand local production to meet our growing customer demand competitively. Additionally, it caters to a rising trend on high-quality products combined with production efficiency that is well integrated into the sustainability targets of our parent companies."

Mr Arham Abdul Rahman, Chief Executive Officer (CEO) of the Malaysian Investment Development Authority (MIDA) remarked, "The strategic venture between BASF and PCG since 1997 is among the commendable success stories in shaping the development of the chemical industry in Malaysia. BPC expansion plan is timely to strengthen the country's chemical industry towards producing higher value-added offerings such as speciality chemicals and market-driven chemical products, which will drive the growth and development of the entire value chain."

"Towards this, MIDA will continuously strive to improve the business landscape in Malaysia and be ever-ready to facilitate our stakeholders to spearhead the investment agenda of the country in line with the Twelfth Malaysian Plan (12MP) and our National Investment Aspirations (NIA)," he added.

2-EHA is a chemical intermediate used as a compound in the production of synthetic lubricants as well as oil additives. It is also used in functional fluids such as automotive coolants, metal salts for paint dryers, plasticisers, stabilisers and catalysts in various industries.

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#### **ABOUT BASF PETRONAS CHEMICALS SDN. BHD.**

**BASF PETRONAS Chemicals Sdn Bhd. is a Malaysia based joint venture between BASF and Petroliaam Nasional Berhad ( Malaysia's fully integrated oil and gas multinational, under its subsidiary PETRONAS Chemicals Group Berhad ( Incorporated in 1997, the company operates an integrated ' site situated in the Gebeng Industrial Zone, Pahang. The company's share capital is 60% held by BASF and 40% held by PCG. Key products include acrylic monomers, oxo products, 2-Ethylhexanoic acid, highly reactive polyisobutene and aroma ingredients. For more information, visit our website [www.basf-petronas.com.my](http://www.basf-petronas.com.my).**



# Trade Mission Continues to Europe

MITI and Its Agencies to Boost Awareness on Malaysia As a Trade and Investment Hub for European Businesses.

**BUILDING** on the successful Trade and Investment Mission (TIM) undertaken in the first half of the year, the Ministry of International Trade and Industry (MITI) will continue its key responsibilities of promoting Malaysia as the preferred investment destination and trading partner of choice.

Towards this end, The Honourable Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry along with senior officials of MITI travelled to Frankfurt, Germany to kick-off the TIM to the Federal Republic of Germany, Republic

of France and the United Kingdom (UK). The TIM took place from 13 to 21 October 2021, in an effort to further strengthen the bilateral economic relations between Malaysia and European economic powerhouses.

In this regard, the TIM to the three countries is in line with the dimensions of economic empowerment and enhancing our Environmental, Social and Governance (ESG) capabilities as outlined in the Twelfth Malaysia Plan (RMKe-12) to ensure business resiliency. The TIM to Europe is targeted for companies among the pioneers in the





smart manufacturing, automotive, electric & electronics, medical devices, and high-tech industries as well as trailblazers in sustainable development, green agenda and digital trade not only in the European region but also globally. Additionally, these countries have also outlined policies and strategies to achieve a net-zero Greenhouse Gas (GHG) emissions target by 2050, aligned with our RMKe-12 aspirations.

The TIM demonstrates the Malaysian Government's business-friendly policies and capabilities in strategic areas such as sustainability, high-end manufacturing and Industry 4.0. The TIM also included engagement with industry leaders as well as prominent European investors to further explore future business prospects in Malaysia. Leveraging on the engagements, including with his counterparts, the Senior Minister will also be sharing Malaysia's National Recovery Plan, the RMKe-12 and National Investment Aspirations (NIA).



**FROM JANUARY TO AUGUST 2021, TOTAL BILATERAL TRADE WITH GERMANY REACHED RM35.45 BILLION (USD8.59 BILLION), WITH EXPORTS AND IMPORTS WERE RECORDED AT RM18.75 BILLION (USD4.55 BILLION) AND RM16.70 BILLION (USD4.05 BILLION) RESPECTIVELY.**

**LARGE INVESTMENTS FROM GERMANY ARE IN ELECTRICAL AND ELECTRONICS PRODUCTS, CHEMICAL AND CHEMICAL PRODUCTS, AS WELL AS PETROLEUM PRODUCTS.**

Commencing his mission to Germany, the Senior Minister met the Federal Association of Materials Management, Purchasing and Logistics eV (BME) which has a membership of more than 9,000 logistic players in Germany and Europe. Additionally, the Senior Minister met global automotive leaders, Porsche AG and Daimler AG in Stuttgart that have made strides in Electric Vehicle (EV) development, befitting Malaysia's direction to advance new growth areas that embody ESG elements.

In 2020, Germany was Malaysia's largest trading partner and second-largest source of FDIs among the European Union (EU) member states. From January to August 2021, total bilateral trade with Germany reached RM35.45 billion (USD8.59 billion), with exports and imports were recorded at RM18.75 billion (USD4.55 billion) and RM16.70 billion (USD4.05 billion) respectively. Large investments from Germany are in electrical and electronics products, chemical and chemical products, as well as petroleum products.

Meanwhile, within the EU, France was Malaysia's fourth-largest trading partner and third-largest source of FDIs in 2020. From January to August 2021, overall trade between Malaysia and France reached RM8.37 billion (USD2.03 billion), with exports to France standing at RM3.64 billion (USD0.89 billion), while imports were at RM4.73 billion (USD1.15 billion). Chemicals and chemical products, machinery and equipment, transport equipment as well as petroleum products account for the majority of French investments in Malaysia.

In 2020, the UK was Malaysia's 18th largest trading partner globally. Total trade between Malaysia and the United Kingdom from January until August 2021 reached RM11.19 billion (USD2.72 billion) contributed by exports at RM6.52 billion (USD1.58 billion), and total imports at RM4.67 billion (USD1.13 billion). Malaysia recorded major investments from the UK in the production of electrical and electronics products, chemical and chemical products as well as petroleum products.

# Further Expansion of Germany's Infineon Technologies AG Hub in Kulim, Kedah

A Testament to Malaysia's Strong Electrical and Electronics (E&E) Ecosystem.

**INFINEON TECHNOLOGIES**, Germany's global semiconductor producer recently announced its expansion-related investments of RM11.53 billion (€2.4 billion) worldwide in the fiscal year of 2022 and has chosen to transfer its silicon carbide and gallium nitride epitaxy production to Kulim Hi-Tech Park and expand its manufacturing base in Malaysia.

This was expressed during a meeting in conjunction with the Trade and Investment Mission (TIM) to Stuttgart, Germany on the 14th October 2021 where The Honourable Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry (MITI), met with Jochen Hanebeck, the Chief Operating Officer of Infineon Technologies and handed him an offer letter from the Government of Malaysia indicating the nation's interest to support and facilitate Infineon's further investment plans.

Currently, Malaysia is one of Infineon's main regional hubs which has already invested RM20 billion, with its integrated semiconductor manufacturing operation in place. The value of this expansion will be announced in due course.

Infineon also expressed that it will continue to be a strategic partner to Malaysia in accelerating the growth of the electrical and electronics (E&E) industry, particularly towards moving up the value chain in areas

of packaging, testing integrated circuits, and wafer processing. The announcement is also in line with the company's long-term plan for an increment of 50 per cent investment in its 2022 fiscal year to address the increase in demand, resulting from growth drivers such as electrification and digitalisation of sectors globally. This will ultimately expand Infineon's revenue base, underscoring Malaysia's prominence as one of the biggest and key semiconductor hubs in the region.

Indeed, this is a true testament to Malaysia's conducive ecosystem and the capability of our local talent to support their long-term growth. This expansion will certainly lead to the creation of high-quality jobs and niche technology capabilities, of which the Malaysian Government will continue to work closely with Infineon Technologies in introducing strategic measures to solidify our growth.

Going forward, the Government will ensure a conducive environment for global semiconductor leaders to move up the value chain through stronger adoption of advanced technologies and production of new sophisticated products. In this regard, the E&E industry has been identified as one of the strategic and high impact industries under the Twelfth Malaysian Plan (12MP) that will catalyse the nation's economic growth.

# Mercedes-Benz AG Chooses Malaysia As Regional Parts Logistics Centre for APAC

Confidence in Malaysia's Ecosystem Grows.

**MERCEDES-BENZ AG**, one of the world's largest manufacturers of luxury passenger cars has decided to make Malaysia their Regional Parts Logistics Centre for APAC to manage and distribute an assortment of replacement spare parts and accessories, serving 22 countries.

The company's new facility in Malaysia will feature a storage capacity of one (1) million square feet and equipped with advanced storage and materials-handling systems to better serve its regional supply chain network.

This move was discussed during the Trade and Investment Mission (TIM) to Germany, led by The Honourable Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry (MITI), on 14 October 2021.

Dato' Seri Mohamed Azmin Ali remarked, "Mercedes-Benz AG's decision in choosing Malaysia as their regional parts logistics centre for APAC not only signals the company's continual pursuit for growth but also is an embodiment of the company's confidence in Malaysia's conducive ecosystem and our strength to support their long-term growth. It also acknowledges the capability of our local talent of highly skilled engineers, technicians and as the key global supply chain and distribution hub in the region. In line with the Twelfth Malaysia Plan (12MP), the Government will continue to enhance our ease of doing business, logistics and ports networks

as well as promote strategic collaboration and industry linkages to increase Malaysia's competitiveness in the region."

Mercedes-Benz joins the increasing trend of the establishment of global and regional distribution hubs in Malaysia by companies in industries such as automotive, life sciences and medical devices, electrical and electronics (E&E) as well as machinery and equipment (M&E). These companies seek to tap on Malaysia's strategic location, talent availability as well as our efficient and reliable logistics network and infrastructures such as ports, airports and financial institutions, allowing them to improve operational efficiency as well as optimise quality and speed for their products and services for their customers.

Mr Arham Abdul Rahman, Chief Executive Officer of the Malaysian Investment Development Authority (MIDA) welcomed Mercedes-Benz AG's decision to make Malaysia their Regional Parts Logistics Centre for APAC, saying, "The Government acknowledges the positive spill-overs of quality investments to the development of Malaysia's business ecosystem. As such, MIDA has been consistent in its efforts to scout and attract quality investments from around the world. This latest investment by Mercedes-Benz AG will assume a critical role to further strengthen the linkages within our local industry, create high-value jobs for Malaysians and enhance our country's positioning as a global supply chain and distribution hub."



# Malaysia to Impose Anti-Dumping Duties for 5 Years for Certain Steel Products

Final Determination in Relation to the Administrative Review Concerning Anti-dumping Duties Imposed on Imports of Cold Rolled Coils of Alloy and Non-alloy Steel.



**THE** Government of Malaysia initiated an administrative review (sunset review) on the imposition of anti-dumping duties with regard to imports of cold-rolled coils of alloy and non-alloy steel of a thickness between 0.20 millimetres to 2.60 millimetres and width between 700 millimetres to 1,300 millimetres originating or exported from the People's

Republic of China (PRC), the Republic of Korea (ROK) and the Socialist Republic of Viet Nam (Viet Nam) (subject merchandise) into Malaysia. The investigation was initiated based on a petition filed by Mycron Steel CRC Sdn Bhd, on behalf of the domestic industry producing the like product.

Pursuant to subsection 28(8) of the Countervailing and Anti-Dumping Duties Act 1993, the administrative review (sunset review) was carried out by the Government of Malaysia to determine whether the continued imposition of the anti-dumping duties are necessary to offset dumping or/and the injury would be likely to continue to recur if the duty were removed or varied.

In accordance with the Countervailing and Anti-Dumping Duties Act 1993 and the Countervailing and Anti-Dumping Duties Regulations 1994, the Government has conducted and completed the administrative review and determined that anti-dumping duties shall be imposed on imports of the subject merchandise originating or exported from the PRC, ROK and Viet Nam as follows:

### **PRODUCER/EXPORTER**

#### **People's Republic of China**

- i. Bengang Steel Plates Co., Ltd. **42.08%**
- ii. BX Steel POSCO Cold Rolled Sheet Co., Ltd. **35.89%**
- iii. Jiangsu Shagang International Trade Co., Ltd. **42.08%**
- iv. Others **42.08%**

#### **Republic of Korea**

- i. Hyundai Steel Company **11.55%**
- ii. POSCO Nil
- iii. Others **21.64%**

#### **Socialist Republic of Viet Nam**

- i. China Steel Sumikin Viet Nam Joint Stock Company **33.70%**
- ii. POSCO – Viet Nam Co., Ltd. **7.42%**
- iii. Others **33.70%**

The Government has also made a final determination that the anti-dumping duties will not be imposed on imports of tin mill black plate and subject merchandise for automotive end-usage.

The Royal Malaysian Customs Department will enforce the collection of anti-dumping duties for a period of five (5) years, effective 9 October 2021 to 8 October 2026. With the continuation of the imposition of anti-dumping duties on imports of the subject merchandise from PRC, ROK and Viet Nam, it is expected that the issue of unfair trade practices would be addressed.

The notices on the final determination of administrative review concerning anti-dumping duties imposed on imports of cold-rolled coils of alloy and non-alloy steel originating or exported from the PRC, ROK and Viet Nam can be accessed through:

<https://lom.agc.gov.my/ilims/upload/portal/akta/outputp/1711915/PUB%20499.pdf> (Affirmative FD)

<https://lom.agc.gov.my/ilims/upload/portal/akta/outputp/1711870/PUB%20498.pdf> (Negative FD)

Interested parties such as local producers, importers, foreign producers/exporters and associations related to the investigation can have access to the non-confidential version of the public report on the final determination by submitting a written request to the Ministry of International Trade and Industry at the following address:

### **DIRECTOR**

Trade Practices Section  
Ministry of International Trade and Industry  
Level 9, Menara MITI  
No. 7, Jalan Sultan Haji Ahmad Shah  
50480 Kuala Lumpur, Malaysia

Tel: [603\) 6208 4634](tel:(603)62084634) / [4640](tel:(603)62084640)

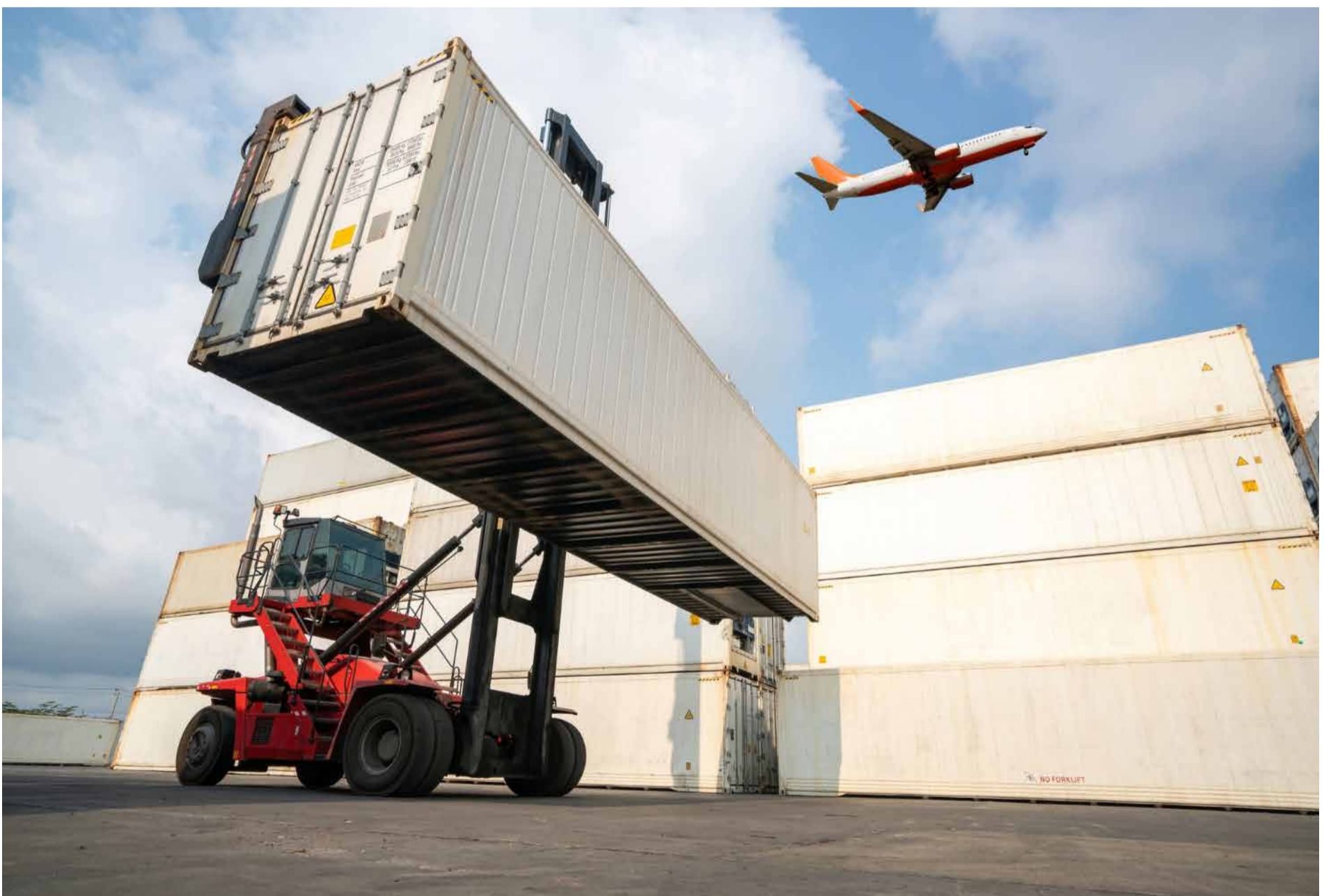
Fax: [603\) 6211 4429](tel:(603)62114429)

E-mail: [alltps@miti.gov.my](mailto:alltps@miti.gov.my)



# MNZCC Encourages Malaysia to Accelerate Ratification of the CPTPP Agreement

CPTPP's Focus On Expanding Open, Rules-Based Trade Is Needed Now More than Ever.



**THE MALAYSIA NEW ZEALAND CHAMBER OF COMMERCE (MNZCC)** welcomes growing calls for Malaysia to accelerate its ratification of the CPTPP Agreement. As with others, it strongly encourages Malaysia to do so, to ensure the Malaysian people benefit from a robust economic recovery following the COVID-19 pandemic.

The MNZCC believes the CPTPP's focus on expanding open, rules-based trade is needed now more than ever, as Malaysia and the region look to recover and recoup losses from the impacts of COVID-19. Once ratified by all members, the agreement will cover over 13 per cent of world GDP with a total value of approximately US\$10.6 trillion.



For Malaysia in particular, CPTPP eliminates tariffs on 96 per cent of its exports. This will provide significant growth opportunities for local businesses, increasing number and range of jobs available for Malaysians, and benefitting the economy overall.

New Zealand has already begun to see gains from ratifying the agreement in 2018. With the agreement having been fully implemented in just 7 economies, New Zealand's two-way trade with the member countries rose from \$NZ44.5bn in 2017 to NZ\$50.6bn in 2020 – an increase of 13.7 per cent. New Zealand is also likely to benefit more in the coming years as a result of Peru's implementation of the CPTPP on 19 September 2021. The total number of countries that have implemented the CPTPP now stands at eight. The CPTPP did more than just lowering tariffs; it also reduced the amount of time that exporters had to wait for their goods' customs clearance, as well as lowering compliance costs and increasing predictability for our exporters.

The CPTPP has particular benefits for Small-to-medium sized enterprises (SMEs), that make up nearly half of the Malaysian economy, and who are often disproportionately impacted by non-tariff barriers. The CPTPP has a dedicated chapter designed to support the growth and development of smaller businesses, by ensuring their participation in, and ability to benefit from, the agreement.

This sits alongside a dedicated chapter on cooperation and capacity building that recognises the additional support required to allow such businesses to meaningfully engage in regional trade. Amongst other provisions, the chapter commits members to exploring capacity building opportunities for members to develop and enhance SME export counselling, assistance and training programmes. This is of particular importance to New Zealand and Malaysia where SMEs account for some 97 per cent and 98.5 per cent of all business respectively.

The MNZCC also believes the agreement will deliver benefits for the wider Malaysian workforce, through its world-leading provisions on labour and environmental standards. This will help to ensure high-quality jobs and economic growth that supports sustainable development for all.



**NEW ZEALAND HAS ALREADY BEGUN TO SEE GAINS FROM RATIFYING THE AGREEMENT IN 2018. WITH THE AGREEMENT HAVING BEEN FULLY IMPLEMENTED IN JUST 7 ECONOMIES, NEW ZEALAND'S TWO-WAY TRADE WITH THE MEMBER COUNTRIES ROSE FROM \$NZ44.5BN IN 2017 TO NZ\$50.6BN IN 2020 – AN INCREASE OF 13.7 PER CENT.**

The growing interest from a range of economies in joining the CPTPP is a testament to its importance. The UK formally requested to join in February 2021, and there has been heightened interest from the Republic of Korea, the Philippines, Taiwan and China. Any expansion to the agreement's membership will bring additional benefits and new opportunities for any countries already part of the agreement.

The current CPTPP economies are Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Viet Nam. Three economies, namely Malaysia, Chile and Brunei Darussalam have yet to ratify and implement the CPTPP.

It is indeed our hope that Malaysia will be the next country to ratify this Agreement, so that Malaysians too can benefit from the tremendous opportunities offered by the CPTPP.

# Calls for Ethical Recruitment, Worker Protection for Business Sustainability

MITI Promotes Awareness for Manufacturers on Initiatives to Provide Conducive Accommodation for Their Workers.



**MINISTRY OF INTERNATIONAL TRADE & INDUSTRY (MITI)** organised a webinar in collaboration with the Department of Labour Peninsular Malaysia (JTKSM) and PLANMalaysia to increase Malaysian manufacturers' awareness of the Government's initiatives to address accommodation issues for workers.

The webinar titled "Provision of Workers Accommodation for Industries Under the Manufacturing Sector" (Penyediaan Penginapan Pekerja Bagi Industri Di Bawah Sektor Pembuatan) saw the participation of 630 attendees from

MITI made a strong call upon the industry players to seriously adopt ethical recruitment to prevent forced labour malpractices that could be detrimental to their business sustainability.



manufacturing companies in various sectors in Malaysia. The session was also joined by industry associations and foreign business chambers. The programme featured briefings to help companies better understand the measures required in providing safe and conducive accommodation for their workers, including guidelines on the application procedure for the provision of Short-Term Labour Quarters and Centralised Labour Quarters (CLQ), in line with the requirements under the Minimum Standards of Housing, Accommodation and Amenities (Amendment) Act, 2019 or Act 446.

MITI's Deputy Secretary-General (Industry) The Honourable Dato' Seri Norazman Ayob in his opening remarks noted that issues related to forced labour, accommodation and management of foreign workers have been raised by various parties. "MITI believes that providing conducive workers' accommodation plays a pivotal role in driving productivity, which ultimately improves manufacturers' competitiveness. As the nation moves towards building back better under the guidelines of the Twelfth Malaysian Plan (2021 – 2025), a strong emphasis on the ESG is central to the development of Malaysian manufacturing industries. Workers' accommodation, in particular, is key, as far as the social and governance elements are concerned," he said.

During the webinar, MITI made a strong call upon the industry players to seriously adopt ethical recruitment to prevent forced labour malpractices that could be detrimental to their business sustainability. "The Government views this very seriously – we have been urging industries, particularly those employing foreign workers, to comply with the labour law and maintain the required standards in terms of housing and amenities," Dato' Seri Norazman said.

For the past year, the COVID-19 pandemic became a catalyst to the introduction of a more expansive policy approach, to protecting the migrant workers in the country. In February 2021, the Malaysian government announced

it is providing free COVID-19 vaccines to all migrant workers in the country through the National COVID-19 Immunisation Programme or PICK. In June this year, MITI launched the Public-Private Partnership COVID-19 Industry Immunisation Program (PIKAS), to vaccinate more than 1.3 million manufacturing sector workers. As of 25 September 2021, 1,000,856 workers have been administered the first dose of the COVID-19 vaccine and 899,626 workers have received their full vaccination (two doses) through PIKAS.

In addition, MITI has taken a proactive and responsive measure by introducing an initiative known as Safe@Work that focuses on creating safe work bubbles at both the manufacturing sites and workers' accommodation.



**AS THE NATION MOVES TOWARDS BUILDING BACK BETTER UNDER THE GUIDELINES OF THE TWELFTH MALAYSIAN PLAN (2021 – 2025), A STRONG EMPHASIS ON THE ESG IS CENTRAL TO THE DEVELOPMENT OF MALAYSIAN MANUFACTURING INDUSTRIES. WORKERS' ACCOMMODATION, IN PARTICULAR, IS KEY, AS FAR AS THE SOCIAL AND GOVERNANCE ELEMENTS ARE CONCERNED."**



# Taiyo Yuden Announces Expansion of Multilayer Ceramic Capacitors in Sarawak

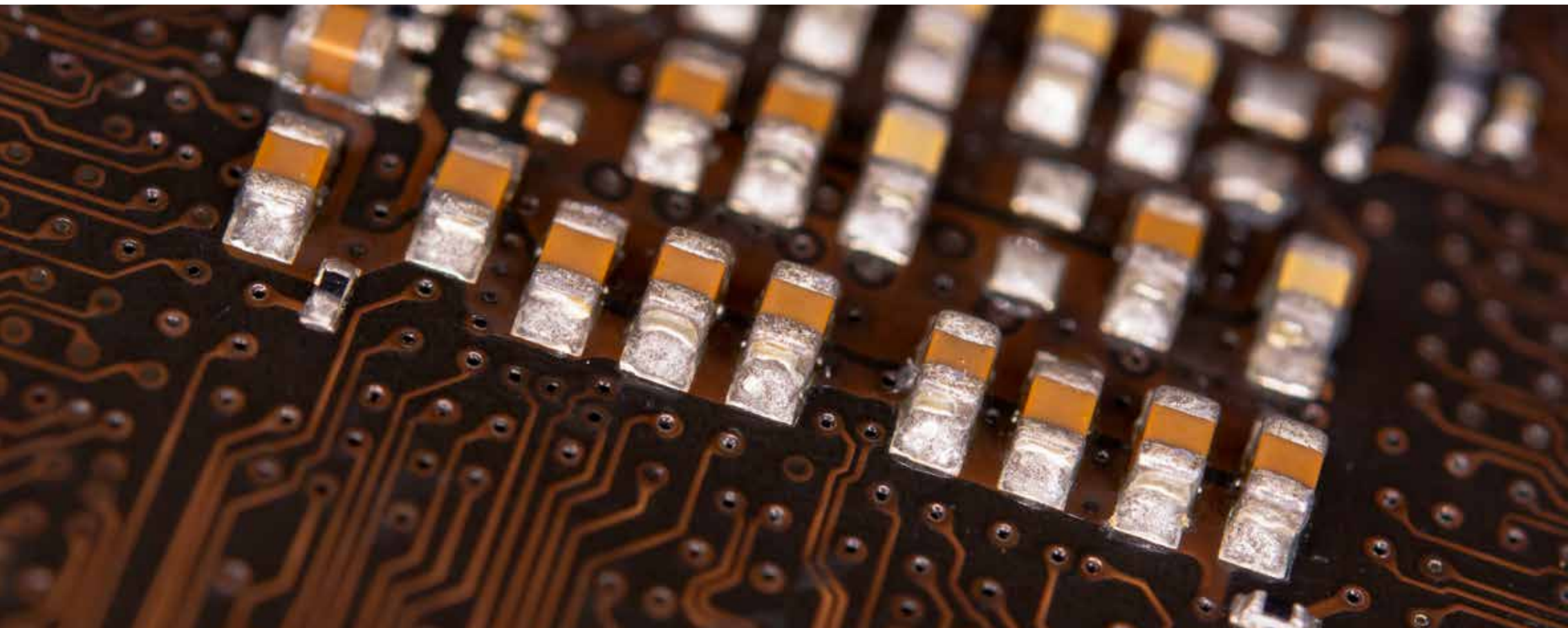
Construction Project by Taiyo Yuden Valued at RM680 Million Commences in September 2021.

**TAIYO YUDEN CO. LTD.**, listed on the Tokyo Stock Exchange, announced today that one of its subsidiaries, Taiyo Yuden (Sarawak) Sdn Bhd, is expanding its multilayer ceramic capacitors manufacturing facility in Kuching as a strategic move to increase its production capacity in the ASEAN region. This marks another milestone for Malaysia as the preferred hub for global manufacturers and an ASEAN gateway.

The expansion of Taiyo Yuden's facility in Sarawak was discussed during the Trade and Investment Mission (TIM) to Tokyo in April 2021 led by The Honourable Dato' Seri Mohamed Azmin Ali, Senior Minister and Minister of International Trade and Industry.



**TAIYO YUDEN'S DECISION TO INJECT RM680 MILLION CAPITAL INVESTMENTS FOR THEIR NEW FACILITY REFLECTS BOOMING INVESTORS' CONFIDENCE IN OUR ECOSYSTEM'S READINESS TO SUPPORT GLOBAL PRODUCTION."**



“Taiyo Yuden’s decision to inject RM680 million capital investments for their new facility reflects booming investors’ confidence in our ecosystem’s readiness to support global production. This achievement demonstrates the success of the Government’s aggressive and effective strategies to welcome and facilitate high-quality FDIs. MIDA has been working closely with Taiyo Yuden in ensuring the smooth implementation of their expansion project that will generate an additional 2,000 job opportunities,” said Dato’ Seri Azmin.

Mr Shinji Masuyama, Director and Executive Vice President of Taiyo Yuden said, “The construction of this new plant is an important investment agenda under the Group’s Medium-term Management Plan 2025. More than ever, we will strive continuously to develop as a business enterprise that is trustworthy to all the stakeholders, including our customers, local communities in Malaysia, and employees.”

Taiyo Yuden (Sarawak) is a production site for multilayer ceramic capacitors, which are essential components for the creation of miniature and high-performance electronic devices. Since 1994, the company has employed 4,600 personnel in their manufacturing plant. The company foresees a higher demand for multilayer ceramic capacitors in the future due to the advancement of technologies in automobiles, electrical and electronics, 5G smartphones and communications infrastructure.

The Kuching facility spanning over 36,500 square meters, will begin construction next month and is expected to be in operation by March 2023. It will include the usage of high-tech equipment with state-of-the-art features, support high-energy conservation and incorporate solar-powered roof, in line with ESG Goals. This bodes well with the National Investment Aspirations (NIA) crucial in revitalising Malaysia’s investment climate, attract high-quality investments and create high-income jobs.

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## ABOUT MIDA

MIDA is the government’s principal investment promotion and development agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Headquartered in Kuala Lumpur Sentral, MIDA has 12 regional and 20 overseas offices. MIDA continues to be the strategic partner to businesses in seizing the opportunities arising from the technology revolution of this era. For more information, please visit [www.mida.gov.my](http://www.mida.gov.my) and follow us on Twitter, Instagram, Facebook, LinkedIn and YouTube.

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## ABOUT TAIYO YUDEN

Since Taiyo Yuden’s inception, we have achieved growth by undertaking the research, development, manufacture and sales of various types of electronic components. Our product lineup includes capacitors, as well as inductors and Film Bulk Acoustic Resonator (FBAR)/Surface Acoustic Wave (SAW) devices. The source of our strength comes from the undertaking of development starting from material development to product commercialisation. This approach enables us to continually provide products that respond closely to our customer needs in the markets we serve. We currently offer products used in such electronic devices, as smartphones and tablets. We also offer a wide range of fields such as automobile and IT infrastructure/ industrial equipment, where the application of IT and electronics is accelerating. For more information, please visit <https://www.yuden.co.jp/ap/>

# TAIYO YUDEN



# Western Digital WEF Lighthouse Network

Malaysia's First Lighthouse Spearheading the Nation's Industry 4.0 Aspirations.



**THE WORLD ECONOMIC FORUM (WEF)** has recognised and awarded the [Western Digital's](#) factory at Batu Kawan, Penang, Malaysia as the latest entrant to its [Global Lighthouse Network \(GLN\)](#). This is a community of world-leading companies that have succeeded in the adaptation of the Fourth Industrial Revolution (4IR) at scale.

The World Economic Forum Global Lighthouse Network recognises production sites and value chains that are world leaders in the adoption and integration of the cutting-edge technologies of the 4IR.

Lighthouses apply 4IR technologies such as artificial intelligence, 3D-printing and big data analytics to maximise efficiency and competitiveness at scale, transform business models and drive economic growth, while augmenting the workforce, protecting the

environment and contributing to a learning journey for all-sized manufacturers across all geographies and industries.

In congratulating Western Digital, Batu Kawan (Malaysia) on its achievement at the press conference held today, Mr Arham Abdul Rahman, Chief Executive Officer of the [Malaysian Investment Development Authority \(MIDA\)](#), remarked, "Western Digital's operations in Batu Kawan, Penang has brought significant benefits to local players by resetting the benchmark of operational, financial and sustainability levels.

"This project will be a precursor and example to the rest of the industry in addressing sustainability and growth in intense global competition. This revolution is in line with Malaysia's National Investment Aspirations





CEO of Western Digital, Mr David Goeckeler (left), and Arham Abdul Rahman, Chief Executive Officer of the Malaysian Investment Development Authority (MIDA) (right).

as well as the [Twelfth Malaysian Plan \(12MP\)](#) initiatives as Malaysia embarks on economic recovery and reinforces its global supply chain.”

Mr. Arham added, “Western Digital, Batu Kawan (Malaysia), as the first Lighthouse in the country, will serve as a beacon for local industry players to improve their operations by effectively implementing 4IR technologies.

“MIDA is confident that more multinationals and local conglomerates will follow Western Digital’s footsteps in transforming their operations, as well as their supply chain in Malaysia to effectively adopt new technologies.

“We welcome companies to participate in the national-level Lighthouse Programme to support local companies to integrate into the lighthouse network, embracing innovation and operational efficiency that will eventually benefit Malaysia’s economic ecosystem.”

The CEO of Western Digital, Mr David Goeckeler affirmed that “Today’s recognition by the WEF Lighthouse Network is an honour and a testament of our leadership efforts in 4IR with both technology innovation and workforce engagement.”

“In a world that is increasingly technology-enabled and technology-dependent, we understand that the responsibility we have to the future of the industry has never been more critical. As the world’s leading data infrastructure provider, we are committed to enabling sustainable growth and transformation across our facilities around the world to deliver value to our customers, employees, and partners,” he further added.



Factory automation in the Western Digital Batu Kawan, Penang facility.





Spearheading by example is Malaysia's Western Digital factory at Batu Kawan, Penang which has been recognised as part of the network. Of the 90 total sites within the network globally, Western Digital is the first company in Malaysia to receive this distinction.

The company applied technology innovations such as artificial intelligence, robotics, automation, advanced analytics and the Industrial Internet of Things (IIOT) – to achieve transformational change at its facility in Batu Kawan, Penang, Malaysia. This includes automating production and logistics to deliver 32 per cent factory cost improvement, reducing product inventory and order lead time by 50 per cent.

Beyond technology, workforce development is another key focus area for the Western Digital Batu Kawan factory. The site rolled out a comprehensive IIOT Academy program to educate and nurture its talents to cultivate a new way of thinking with the adoption of 4IR technologies. The IIOT Academy program includes strategic partnerships with local universities and international platforms to upskill employees at all levels.

**The company applied numerous technology innovations including IIOT to achieve transformational change.**

The GLN also lists sustainability as one of its key criteria. Western Digital is committed to its sustainability efforts, and this presents a great opportunity to collaborate with WEF on this new frontier.

“Increased global concern for environmental impact has made sustainability a must-have to maintain business viability,” said Francisco Betti, Head of Shaping the Advanced Manufacturing and Value Chains, World Economic Forum.



“The selected Sustainability Lighthouses make it clear that by realising the potential of 4IR technologies in manufacturing, companies can unlock new levels of sustainability in their operations and explore a win-win solution: greater operational competitiveness while simultaneously making commitments to environmental stewardship, leading in a cleaner, more sustainable future as a result,” he further added.



**THE SELECTED SUSTAINABILITY LIGHTHOUSES MAKE IT CLEAR THAT BY REALISING THE POTENTIAL OF 4IR TECHNOLOGIES IN MANUFACTURING, COMPANIES CAN UNLOCK NEW LEVELS OF SUSTAINABILITY IN THEIR OPERATIONS AND EXPLORE A WIN-WIN SOLUTION: GREATER OPERATIONAL COMPETITIVENESS WHILE SIMULTANEOUSLY MAKING COMMITMENTS TO ENVIRONMENTAL STEWARDSHIP, LEADING IN A CLEANER, MORE SUSTAINABLE FUTURE AS A RESULT.”**

MIDA is committed to pursue the strategies outlined in the National Policy of Industry 4.0 ([Industry4WRD](#)), aimed to develop Malaysia as a high-tech nation. The 12MP highlights technology adoption and innovation are to catalyse growth across all sectors; while productivity growth is expected to be led by the manufacturing sector, growing at 4.3% per year over the next five years (2021 to 2025). The digitalisation process will be accelerated and the adoption of advanced technology, particularly the 4IR technologies, will be promoted through various Government facilitations.

### ABOUT GLOBAL LIGHTHOUSE NETWORK

The Global Lighthouse Network is a community of production sites and other facilities that are world leaders in the adoption and integration of the cutting-edge technologies of the Fourth Industrial Revolution (4IR). Lighthouses apply 4IR

technologies such as artificial intelligence, 3D-printing and big data analytics to maximise efficiency and competitiveness at scale, transform business models and drive economic growth, while augmenting the workforce, protecting the environment, and contributing to a learning journey for all-sized manufacturers across all geographies and industries. The Global Lighthouse Network is a World Economic Forum project in collaboration with McKinsey & Co; factories and value chains that join the Network are designated by an independent panel of experts.

### ABOUT WESTERN DIGITAL

Western Digital creates environments for data to thrive. As a leader in data infrastructure, the company is driving the innovation needed to help customers capture, preserve, access and transform an ever-increasing diversity of data. Everywhere data lives, from advanced data centers to mobile sensors to personal devices, our industry-leading solutions deliver the possibilities of data. Western Digital data-centric solutions are comprised of the Western Digital®, G-Technology™, SanDisk® and WD® brands.

### ABOUT MIDA

MIDA is the government’s principal investment promotion and development agency under the Ministry of International Trade and Industry (MITI) to oversee and drive investments into the manufacturing and services sectors in Malaysia. Headquartered in Kuala Lumpur Sentral, MIDA has 12 regional and 20 overseas offices. MIDA continues to be the strategic partner to businesses in seizing the opportunities arising from the technology revolution of this era. For more information, please visit [www.mida.gov.my](http://www.mida.gov.my) and follow us on Twitter, Instagram, Facebook, LinkedIn and YouTube.





# Malaysia External Trade Statistics

Trade Performance for Aug 2021 and the Period of Jan-Aug 2021.

### **DOUBLE-DIGIT GROWTH FOR TRADE, EXPORTS, IMPORTS AND TRADE SURPLUS IN AUGUST 2021**

Malaysia's trade performance remained resilient and maintained its upward momentum in August 2021. Trade increased by 15.7% to RM169.79 billion compared to August 2020, the seventh consecutive month of double-digit growth since February 2021. Exports grew by 18.4% to RM95.59 billion, the 12th consecutive month of year-on-year (y-o-y) expansion since September 2020. Imports expanded by 12.5% to RM74.2 billion while trade surplus was up by 44.7% to RM21.39 billion. Trade, exports and trade surplus registered the highest monthly value for August.

The export growth was contributed mainly by robust external demand for petroleum products, electrical and electronic (E&E)

products mainly due to higher shipments of semiconductors as well as chemicals and chemical products. Exports to all major markets namely ASEAN, China, the United States (US), the European Union (EU), and Japan recorded positive growth.

On a month-on-month (m-o-m) basis, trade surplus surged by 55.5% while trade, exports and imports declined by 6.1%, 1.8% and 11.2% respectively.

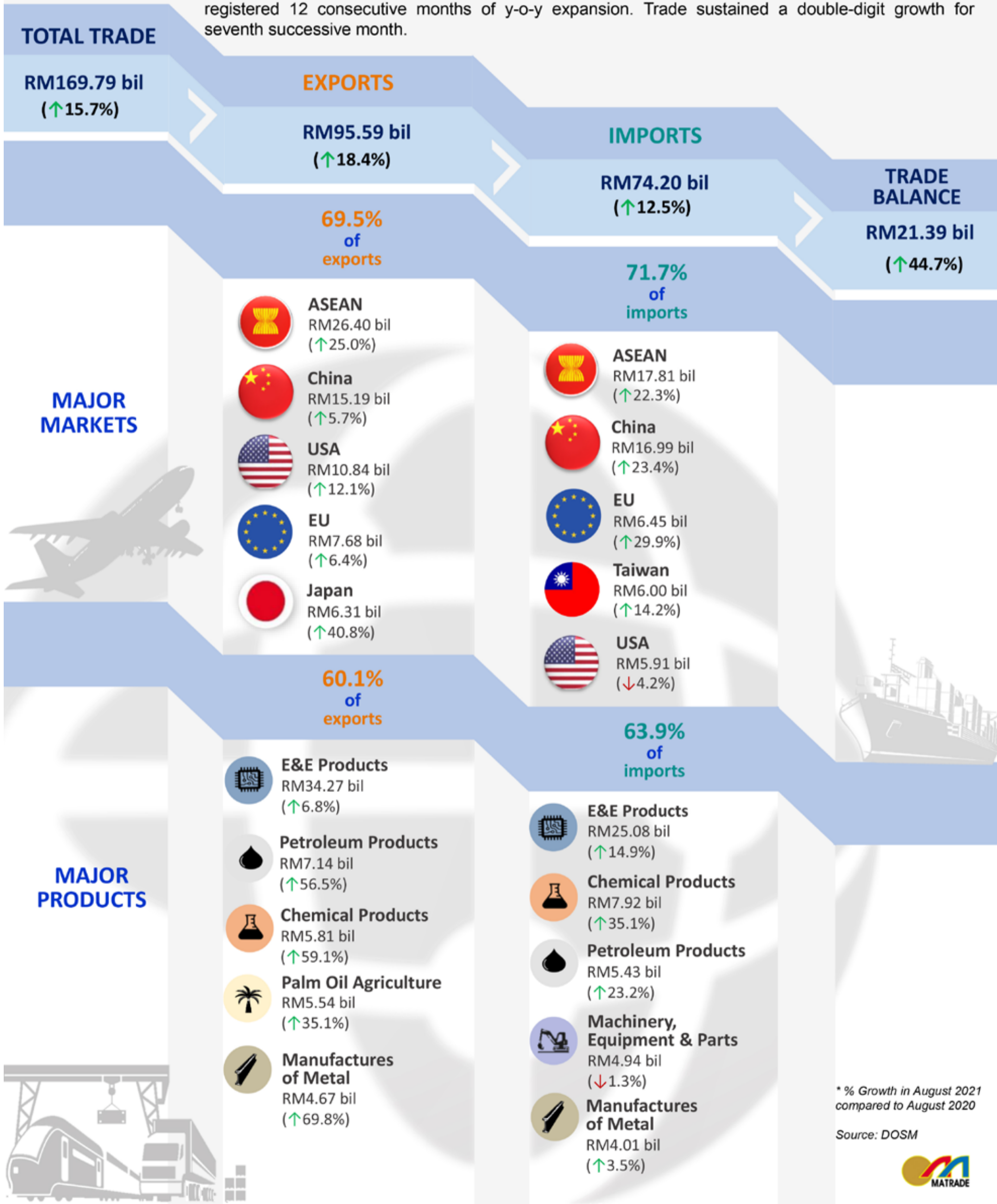
For the first eight months of 2021, trade expanded by 22.9% to RM1.407 trillion from the same period last year. Exports for the period grew by 24.9% to RM778.49 billion, the fastest growth recorded since 1998. Imports rose by 20.4% to RM628.29 billion and trade surplus surged by 48.2% to RM150.2 billion.



**Malaysia's Trade Performance August 2021\***

**August 2021- Highest Trade, Exports and Trade Surplus for the Month of August**

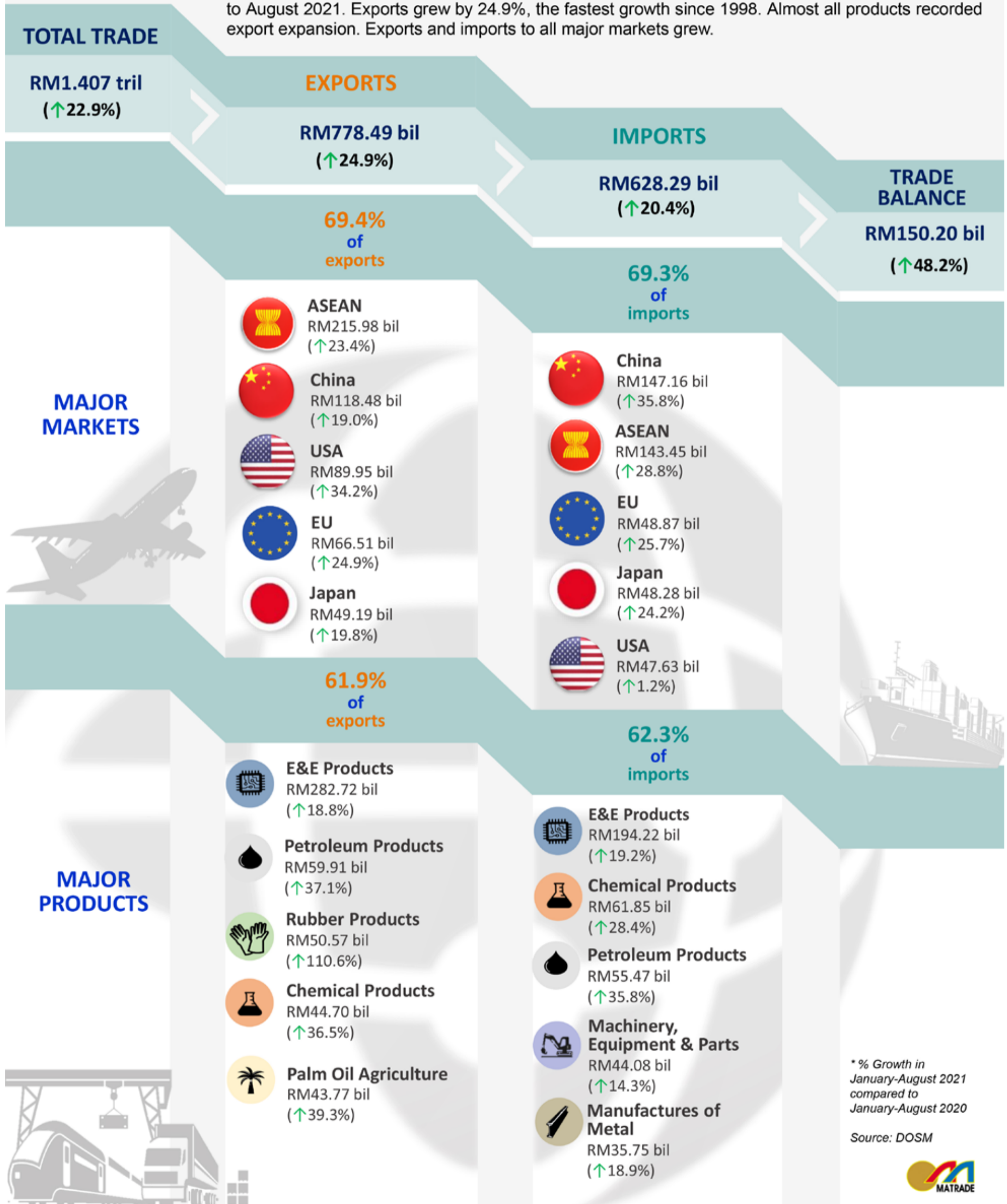
Trade, exports and trade surplus recorded the highest monthly value for the month of August. Exports registered 12 consecutive months of y-o-y expansion. Trade sustained a double-digit growth for seventh successive month.



## Malaysia's Trade Performance January-August 2021\*

### January to August 2021- Fastest Export Growth since 1998

Trade, exports, imports and trade surplus registered a double-digit growth for the period of January to August 2021. Exports grew by 24.9%, the fastest growth since 1998. Almost all products recorded export expansion. Exports and imports to all major markets grew.





## EXPORT PERFORMANCE OF MAJOR SECTORS

### Strong Double-Digit Export Growth Recorded for All Sectors

In August 2021, exports of manufactured goods accounted for 84.6% of total exports, registering a growth of 15.4% y-o-y to RM80.83 billion. Petroleum products, E&E products, chemicals and chemical products, manufactures of metal as well as palm oil-based manufactured products registered more than RM1 billion expansion in exports.

Exports of agriculture goods (7.7% share) rose by 28.5% to RM7.34 billion compared to August 2020, the sixth consecutive month of double-digit growth since March 2021. This was supported mainly by higher exports of palm oil and palm oil-based agriculture products.

Exports of mining goods (7.4% share) surged by 50.6% y-o-y to RM7.05 billion, the fifth straight month of double-digit growth since April 2021. The increase was buoyed mainly by higher exports of liquefied natural gas (LNG) which increased by RM1.86 billion.

#### Major exports in August 2021:

- E&E products, valued at RM34.27 billion and accounted for 35.8% of total exports, increased by 6.8% from August 2020;
- Petroleum products, RM7.14 billion, 7.5% of total exports, increased by 56.5%;
- Chemicals and chemical products, RM5.81 billion, 6.1% of total exports, increased by 59.1%;
- Palm oil and palm oil-based agriculture products, RM5.54 billion, 5.8% of total exports, increased by 35.1%; and
- Manufactures of metal, RM4.67 billion, 4.9% of total exports, increased by 69.8%.

Compared to July 2021, exports of mining goods expanded by 24.9% while exports of manufactured and agriculture goods were down by 2.4% and 13.3%, respectively.

For the period of January to August 2021, almost all products recorded export expansion. Exports of manufactured goods increased by 25.8% to RM673.01 billion compared to the same period of 2020, boosted by higher exports of E&E products, rubber products, petroleum products, manufactures of metal as well as chemicals and chemical products. Exports of agriculture goods rose by 32.1% to RM58.13 billion attributed to higher exports of palm oil and palm oil-based agriculture products. Exports of mining goods rose by 7.6% to RM44.35 billion underpinned by higher exports of LNG and crude petroleum.

## TRADE PERFORMANCE WITH MAJOR MARKETS

### ASEAN – Double-Digit Growth for Trade, Exports and Imports

In August 2021, trade with ASEAN edged up by 23.9% y-o-y to RM44.21 billion, contributed 26% to Malaysia's total trade. Exports increased by 25% to RM26.4 billion, owing to higher exports of E&E products and petroleum products. Imports from ASEAN expanded by 22.3% to RM17.81 billion.

#### Breakdown of exports to ASEAN countries:

- Singapore RM13.40 billion, increased by 21.5%
- Thailand RM3.97 billion, increased by 20.8%
- Viet Nam RM3.21 billion, increased by 15.7%
- Indonesia RM3.19 billion, increased by 54.6%
- Philippines RM1.99 billion, increased by 38.8%
- Brunei RM326.4 million, increased by 76.5%

- Cambodia RM157.1 million, increased by 34.2%
- Myanmar RM150.9 million, decreased by 33.1%
- Lao PDR RM3.1 million, decreased by 10.9%

Exports to major markets in ASEAN that recorded expansion were Singapore which increased by RM2.37 billion, due to higher exports of E&E products, Thailand (up RM682.7 million, crude petroleum), Viet Nam (up RM435.6 million, E&E products), Indonesia (up RM1.13 billion, petroleum products) and the Philippines (up RM556 million, palm oil and palm oil-based agriculture products).

Compared to July 2021, imports increased by 0.9% while trade and exports declined by 2.4% and 4.5%, respectively.

In the first eight months of 2021, trade with ASEAN rose by 25.5% to RM359.42 billion compared to the same period of 2020. Exports to this region grew by 23.4% to RM215.98 billion boosted by higher exports of E&E products, petroleum products, chemicals and chemical products, manufactures of metal as well as machinery, equipment and parts. Imports from ASEAN expanded by 28.8% to RM143.45 billion.

### **CHINA – TRADE RECORDED NINTH CONSECUTIVE MONTH OF DOUBLE-DIGIT GROWTH**

In August 2021, trade with China recorded a growth of 14.3% y-o-y to RM32.17 billion, the ninth consecutive month of double-digit expansion and represented 18.9% of Malaysia's total trade. Exports to China improved by 5.7% to RM15.19 billion following higher exports of LNG as well as chemicals and chemical products. Imports from China rose by 23.4% to RM16.99 billion.

Compared to July 2021, exports increased by 5.3%, while trade and imports contracted by 5.3% and 13.1%, respectively.

Trade with China during the first eight months of 2021 grew by 27.8% to RM265.65 billion compared to the same period of 2020. Exports edged up by 19% to RM118.48 billion on the back of higher exports of E&E products, LNG, manufactures of metal as well as chemicals and chemical products. Imports from China rose by 35.8% to RM147.16 billion.

### **THE US – EXPORTS REBOUNDED WITH A DOUBLE-DIGIT GROWTH**

Trade with the US in August 2021 accounted for 9.9% of Malaysia's total trade or RM16.75 billion, an increase of 5.8% y-o-y. Exports rebounded by 12.1% to RM10.84 billion on higher exports of E&E products, rubber products as well as machinery, equipment and parts. Imports from the US slipped by 4.2% to RM5.91 billion.

On a m-o-m basis, trade, exports and imports contracted by 4.8%, 1.8% and 9.8%, respectively.

For the period of January to August 2021, trade with the US rose by 20.6% to RM137.57 billion compared to the same period of 2020. Exports expanded by 34.2% to RM89.95 billion on account of higher exports of rubber products, E&E products, machinery, equipment and parts as well as optical and scientific equipment. Imports from the US increased by 1.2% to RM47.63 billion.

### **THE EU – TRADE, EXPORTS AND IMPORTS REMAINED STRONG**

Trade with the EU which comprised 8.3% of Malaysia's total trade in August 2021 rose by 16% y-o-y to RM14.13 billion. Exports grew by 6.4% to RM7.68 billion following higher exports of palm oil and palm oil-based products, manufactures of metal as well as petroleum products. Imports from the EU increased by 29.9% to RM6.45 billion.



### Breakdown of exports to the top 10 EU markets which accounted for 90.8% of Malaysia's total exports to the EU were:

- Netherlands RM2.46 billion, increased by 27.4%
- Germany RM2.09 billion, decreased by 3.7%
- Belgium RM481.6 million, increased by 32.7%
- Italy RM476.8 million, decreased by 1.6%
- Spain RM371.3 million, increased by 19%
- France RM331.4 million, decreased by 29%
- Czech Republic RM263.8 million, increased by 23.5%
- Slovenia RM182.4 million, decreased by 23.1%
- Poland RM173.9 million, decreased by 10.8%
- Hungary RM140.9 million, decreased by 17.4%

Exports to the EU major markets that grew were the Netherlands which increased by RM528.7 million due to higher demand for palm oil and palm oil-based agriculture products, Belgium (up RM118.8 million, petroleum products) and Spain (up RM59.3 million, palm oil-based manufactured products).

On a month-on-month basis, trade, exports and imports contracted by 5.4%, 2.8% and 8.4%, respectively.

During the first eight months of 2021, trade with the EU expanded by 25.2% to RM115.38 billion compared to the same period of 2020. Exports increased by 24.9% to RM66.51 billion, buoyed by higher exports of rubber products, E&E products as well as palm oil-based manufactured products. Imports from the EU rose by 25.7% to RM48.87 billion.

### JAPAN – SIXTH CONSECUTIVE MONTH OF DOUBLE-DIGIT EXPORT EXPANSION

In August 2021, trade with Japan which accounted for 7.1% of Malaysia's total trade expanded by 27.5% y-o-y to RM12 billion.

Exports surged by 40.8% to RM6.31 billion, the sixth consecutive month of double-digit y-o-y expansion since March 2021. The increase was due to higher exports of LNG, manufactures of metal, crude petroleum, wood products as well as palm oil and palm oil-based agriculture products. Imports from Japan edged up by 15.4% to RM5.69 billion.

Compared to July 2021, trade, exports and imports expanded by 4.1%, 7.8% and 0.3%, respectively.

For the period of January to August 2021, trade with Japan grew by 21.9% to RM97.46 billion compared to the same period of 2020. Exports increased by 19.8% to RM49.19 billion contributed by higher exports of E&E products, manufactures of metal and rubber products. Imports from Japan rose by 24.2% to RM48.28 billion.

### TRADE WITH FTA PARTNERS

In August 2021, trade with Free Trade Agreement (FTA) partners which accounted for 67.3% of Malaysia's total trade expanded by 19.5% y-o-y to RM114.31 billion. Exports to FTA partners increased by 20% to RM64.98 billion and imports grew by 18.8% to RM49.33 billion.

Increase in exports was recorded to Hong Kong SAR, by 20.2% to RM6.01 billion due to higher exports of E&E products, Australia, (up 38.9% to RM2.95 billion, petroleum products), Turkey (up 63.8% to RM1.11 billion, manufactures of metal), Pakistan (up 106.5% to RM636.4 million, petroleum products), New Zealand (up 127.5% to RM497.3 million, crude petroleum), India (up 8.8% to RM3.16 billion, chemicals and chemical products) and Chile (up 1.6% to RM57.5 million, palm oil-based manufactured products).

Compared to July 2021, exports increased by 0.4% while trade and imports declined by 2% and 5.1%, respectively.

Trade with FTA partners during the first eight months of 2021 which constituted 66.7% of Malaysia's total trade, expanded by 23.1% to RM937.74 billion compared to the same period of 2020. Exports grew by 22.1% to RM519.84 billion and imports rose by 24.4% to RM417.9 billion.

### IMPORT PERFORMANCE

Total imports in August 2021 grew by 12.5% y-o-y to RM74.2 billion. The three main categories of imports by end-use which accounted for 76.9% of total imports were:

- **Intermediate goods**, valued at RM42.4 billion or 57.1% of total imports, increased by 13.4%, following higher imports of processed industrial supplies particularly iron and steel;
- **Capital goods**, valued at RM8.32 billion or 11.2% of total imports, grew by 22.9%, due to higher imports of capital goods (except transport equipment), primarily parts for machinery and mechanical appliances; and
- **Consumption goods**, valued at RM6.35 billion or 8.6% of total imports, declined by 0.6%, as a result of lower imports of durables, especially parts for machinery and mechanical appliances.

During the period of January to August 2021, imports expanded by 20.4% to RM628.29 billion from the same period of 2020. Imports of intermediate goods grew by 22.9% to RM347.63 billion, capital goods (up 10.7% to RM66.73 billion,) and consumption goods (up 13.5% to RM54.34 billion).

### NOTE

It should be noted that, conceptually, the export and import figures in the external trade statistics are different from that in the goods account of the balance of payments compilation. The compilation of international merchandise trade statistics is usually based on customs records, which essentially reflect the physical movement of goods across borders, and follow international guidelines on concepts and definitions i.e. International Merchandise Trade Statistics: Concepts and Definitions 2010 (IMTS 2010) which is different from the principles of the System of National Accounts (SNA) and the Balance of Payments Compilation. Goods are defined in the SNA as "physical objects for which a demand exists, over which ownership rights can be established and whose ownership can be transferred from one institutional unit to another by engaging in transactions on markets".

"This is a preliminary release, full details would be published in the "MONTHLY EXTERNAL TRADE STATISTICS" report by the Department of Statistics, Malaysia, to be disseminated on Monday, 4th October 2021 and can be downloaded through statistic at the Department of Statistics, Malaysia's portal (<https://newss.statistics.gov.my/newss-portalx/ep/epLogin.seam>).

+ This media release can be accessed through the portal of Malaysian External Trade Statistics, Ministry of International Trade and Industry (<http://www.miti.gov.my>) and Malaysia External Trade Development Corporation (<http://www.matrade.gov.my>).

The August 2021 data is provisional and subject to revision in later issue. With effect from reference month April 2018, selection of codes for exports and imports of palm oil and palm oil-based products has been reviewed and revised for better representation of the product and this has resulted in some changes to the data.

FTA partners comprises of 19 countries: China, Singapore, Japan, Thailand, Republic of Korea, Indonesia, India, Australia, Viet Nam, Philippines, New Zealand, Turkey, Pakistan, Myanmar, Cambodia, Brunei, Chile, Lao PDR and Hong Kong SAR.

With effect from reference month of February 2020, the United Kingdom no longer be a Member State of the European Union (EU).



TABLE 1: SUMMARY OF MALAYSIA'S EXTERNAL TRADE

Year/ Period	<u>Total Exports</u> (RM Million)	<u>Total Imports</u> (RM Million)	<u>Trade Balance</u> (RM Million)	<u>Total Trade</u> (RM Million)
<b>2020<sup>f</sup></b>				
January	84,288.4	72,249.9	12,038.6	156,538.3
February	74,604.1	62,160.4	12,443.6	136,764.5
March	80,229.2	68,737.3	11,491.9	148,966.5
April	64,911.0	69,375.5	-4,464.5	134,286.6
May	62,801.0	52,942.9	9,858.1	115,743.9
June	82,905.4	62,995.8	19,909.6	145,901.2
July	92,682.1	67,424.2	25,257.8	160,106.3
<b>August</b>	<b>80,754.3</b>	<b>65,974.9</b>	<b>14,779.4</b>	<b>146,729.2</b>
September	88,892.1	66,956.0	21,936.2	155,848.1
October	91,190.2	68,931.0	22,259.2	160,121.2
November	84,721.3	67,616.6	17,104.6	152,337.9
December	95,847.6	75,116.8	20,730.8	170,964.4
2020 (Jan-Dec) <sup>f</sup>	983,826.8	800,481.3	183,345.4	1,784,308.1
<b>2021<sup>P</sup></b>				
January	89,625.5	73,023.0	16,602.5	162,648.5
February	87,567.1	69,690.0	17,877.0	157,257.1
March	104,997.6	80,794.1	24,203.6	185,791.7
April	105,590.2	85,231.3	20,358.9	190,821.4
May	92,313.4	78,559.8	13,753.6	170,873.3
June	105,486.8	83,230.4	22,256.4	188,717.2
July	97,320.7	83,563.7	13,756.9	180,884.4
<b>August</b>	<b>95,586.5</b>	<b>74,198.5</b>	<b>21,388.0</b>	<b>169,785.0</b>
<b>Change m-o-m (%)</b>	<b>-1.8</b>	<b>-11.2</b>	<b>55.5</b>	<b>-6.1</b>
<b>Change y-o-y (%)</b>	<b>18.4</b>	<b>12.5</b>	<b>44.7</b>	<b>15.7</b>
Jan-Aug 2020 <sup>f</sup>	623,175.5	521,861.0	101,314.6	1,145,036.5
Jan-Aug 2021 <sup>P</sup>	778,487.8	628,290.8	150,196.9	1,406,778.6
<b>Change y-o-y (%)</b>	<b>24.9</b>	<b>20.4</b>	<b>48.2</b>	<b>22.9</b>

Note: Total may not add up due to rounding

TABLE 2: MAJOR EXPORT PRODUCTS (AUGUST)

Products	Aug 2021 <sup>P</sup>	Jul 2021 <sup>P</sup>	Aug 2020 <sup>f</sup>	Change m-o-m	Change y-o-y
	RM Million	RM Million	RM Million	%	%
<b>Total Exports</b>	<b>95,586.5</b>	<b>97,320.7</b>	<b>80,754.3</b>	<b>-1.8</b>	<b>18.4</b>
Electrical & Electronic Products	34,266.3	34,742.3	32,085.0	-1.4	6.8
Petroleum Products	7,137.7	10,365.9	4,559.9	-31.1	56.5
Chemicals & Chemical Products	5,807.6	5,394.1	3,650.5	7.7	59.1
Palm Oil & Palm Oil Based Agriculture Products	5,535.6	6,705.9	4,097.9	-17.5	35.1
Manufactures of Metal	4,670.2	4,042.1	2,751.0	15.5	69.8
Rubber Products	4,569.6	4,544.7	4,394.8	0.5	4.0
Machinery, Equipment & Parts	3,940.0	3,470.6	3,081.3	13.5	27.9
LNG	3,544.8	3,208.3	1,686.1	10.5	110.2
Optical & Scientific Equipment	3,479.0	3,762.9	4,227.9	-7.5	-17.7
Palm Oil-Based Manufactured Products	2,764.2	2,988.7	1,637.3	-7.5	68.8

TABLE 3: MAJOR EXPORT MARKETS (AUGUST)

Markets	Aug 2021 <sup>P</sup>	Jul 2021 <sup>P</sup>	Aug 2020 <sup>f</sup>	Change m-o-m	Change y-o-y
	RM Million	RM Million	RM Million	%	%
<b>Total Exports</b>	<b>95,586.5</b>	<b>97,320.7</b>	<b>80,754.3</b>	<b>-1.8</b>	<b>18.4</b>
China	15,185.2	14,423.2	14,370.4	5.3	5.7
Singapore	13,398.6	14,043.6	11,024.8	-4.6	21.5
USA	10,838.6	11,039.5	9,667.0	-1.8	12.1
Japan	6,308.3	5,851.3	4,478.9	7.8	40.8
Hong Kong SAR	6,013.2	5,948.6	5,003.2	1.1	20.2
Thailand	3,965.1	4,405.8	3,282.4	-10.0	20.8
Viet Nam	3,213.8	3,527.4	2,778.2	-8.9	15.7
Indonesia	3,191.3	3,030.6	2,063.6	5.3	54.6
India	3,156.2	3,166.4	2,902.0	-0.3	8.8
Taiwan	3,082.7	3,245.8	2,321.5	-5.0	32.8



TABLE 4: MAJOR EXPORT PRODUCTS (JANUARY- AUGUST)

Products	Jan-Aug 2021 <sup>P</sup>	Jan-Aug 2020 <sup>f</sup>	Change
	RM Million	RM Million	%
<b>Total Exports</b>	<b>778,487.8</b>	<b>623,175.5</b>	<b>24.9</b>
Electrical & Electronic Products	282,720.9	238,019.9	18.8
Petroleum Products	59,908.0	43,711.6	37.1
Rubber Products	50,573.3	24,014.4	110.6
Chemicals & Chemical Products	44,701.4	32,758.8	36.5
Palm Oil & Palm Oil Based Agriculture Products	43,774.4	31,413.7	39.3
Manufactures of Metal	35,880.5	23,004.6	56.0
Machinery, Equipment & Parts	31,053.6	25,366.2	22.4
Optical & Scientific Equipment	29,651.4	26,576.5	11.6
LNG	22,669.7	21,915.6	3.4
Palm Oil-Based Manufactured Products	19,965.9	13,853.5	44.1

TABLE 5: MAJOR EXPORT MARKETS (JANUARY- AUGUST)

Markets	Jan-Aug 2021 <sup>P</sup>	Jan-Aug 2020 <sup>f</sup>	Change
	RM Million	RM Million	%
<b>Total Exports</b>	<b>778,487.8</b>	<b>623,175.5</b>	<b>24.9</b>
China	118,482.4	99,561.7	19.0
Singapore	109,187.3	88,549.4	23.3
USA	89,946.2	67,031.8	34.2
Japan	49,186.9	41,064.6	19.8
Hong Kong SAR	47,502.9	42,284.7	12.3
Thailand	33,900.4	29,257.4	15.9
Viet Nam	28,744.3	19,753.2	45.5
India	26,816.5	17,269.2	55.3
Taiwan	25,370.9	22,040.1	15.1
ROK	23,612.7	23,679.0	-0.3

TABLE 6: MAJOR IMPORT PRODUCTS (AUGUST)

Products	Aug 2021 <sup>P</sup>	Jul 2021 <sup>P</sup>	Aug 2020 <sup>f</sup>	Change m-o-m	Change y-o-y
	RM Million	RM Million	RM Million	%	%
<b>Total Imports</b>	<b>74,198.5</b>	<b>83,563.7</b>	<b>65,974.9</b>	<b>-11.2</b>	<b>12.5</b>
Electrical & Electronic Products	25,081.7	26,067.8	21,825.6	-3.8	14.9
Chemicals & Chemical Products	7,915.8	7,846.5	5,860.4	0.9	35.1
Petroleum Products	5,432.3	7,933.5	4,409.1	-31.5	23.2
Machinery, Equipment & Parts	4,944.3	5,869.8	5,011.2	-15.8	-1.3
Manufactures of Metal	4,013.9	4,213.7	3,876.7	-4.7	3.5
Iron & Steel Products	2,806.5	2,773.9	1,700.9	1.2	65.0
Transport Equipment	2,460.8	2,772.6	2,016.7	-11.2	22.0
Processed Food	2,129.5	2,000.2	1,896.7	6.5	12.3
Optical & Scientific Equipment	1,996.7	2,239.5	1,968.2	-10.8	1.4
Rubber Products	1,232.1	1,304.8	766.7	-5.6	60.7

TABLE 7: MAJOR IMPORT SOURCES (AUGUST)

Sources	Aug 2021 <sup>P</sup>	Jul 2021 <sup>P</sup>	Aug 2020 <sup>f</sup>	Change m-o-m	Change y-o-y
	RM Million	RM Million	RM Million	%	%
<b>Total Imports</b>	<b>74,198.5</b>	<b>83,563.7</b>	<b>65,974.9</b>	<b>-11.2</b>	<b>12.5</b>
China	16,986.0	19,542.6	13,763.9	-13.1	23.4
Singapore	6,849.7	6,858.6	6,381.9	-0.1	7.3
Taiwan	6,003.1	6,644.9	5,255.8	-9.7	14.2
USA	5,914.6	6,554.3	6,171.2	-9.8	-4.2
Japan	5,691.3	5,675.5	4,931.8	0.3	15.4
Indonesia	4,290.4	4,608.5	2,601.6	-6.9	64.9
ROK	3,572.6	4,114.5	2,302.0	-13.2	55.2
Thailand	3,275.1	3,177.4	2,842.2	3.1	15.2
Viet Nam	2,146.3	1,793.3	1,529.7	19.7	40.3
Germany	2,063.9	2,417.8	1,966.0	-14.6	5.0



TABLE 8: MAJOR IMPORT PRODUCTS (JANUARY- AUGUST)

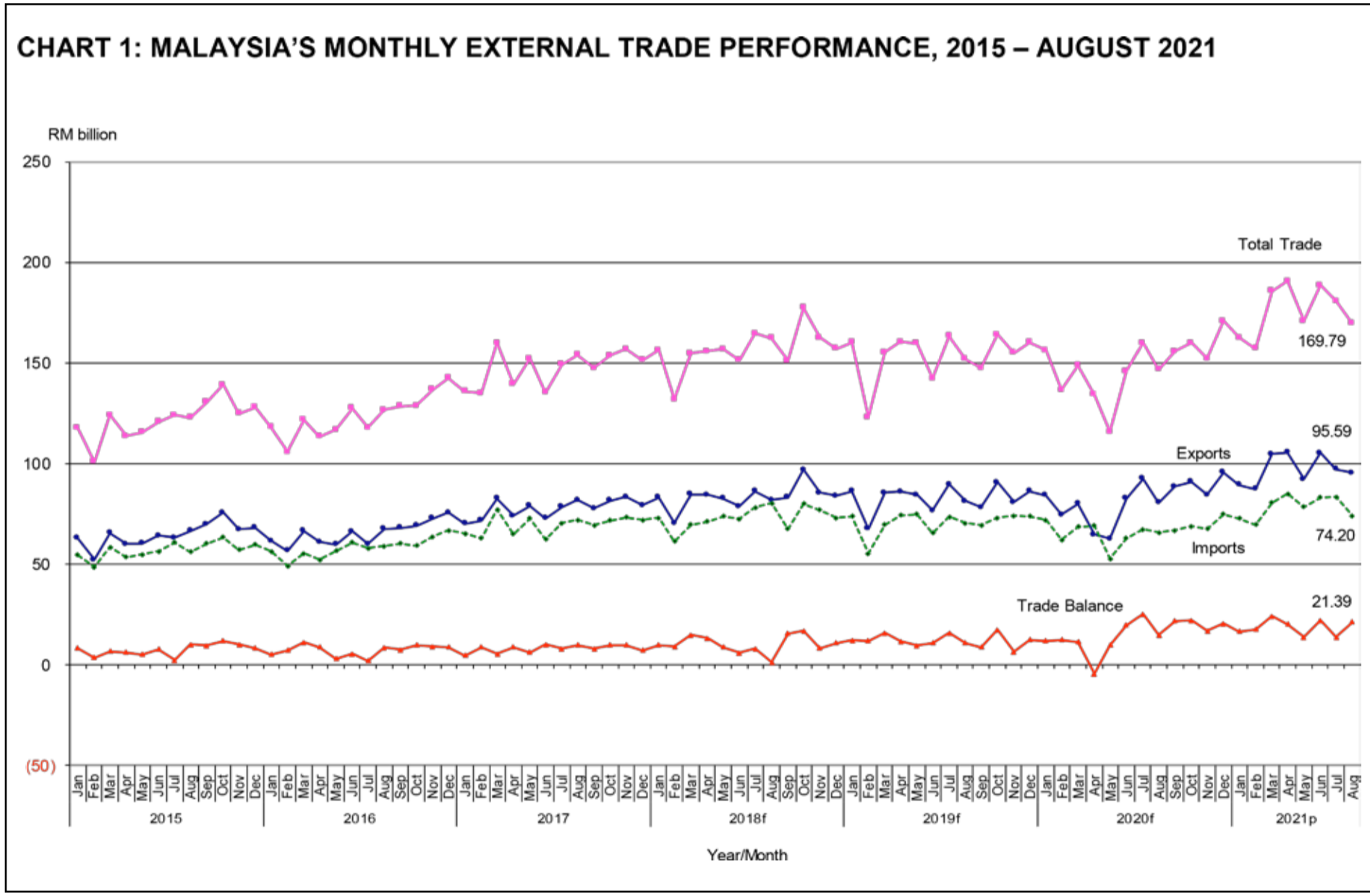
Products	Jan-Aug 2021 <sup>p</sup>	Jan-Aug 2020 <sup>f</sup>	Change
	RM Million	RM Million	%
<b>Total Imports</b>	<b>628,290.8</b>	<b>521,861.0</b>	<b>20.4</b>
Electrical & Electronic Products	194,218.5	162,906.9	19.2
Chemicals & Chemical Products	61,848.0	48,162.3	28.4
Petroleum Products	55,472.9	40,853.7	35.8
Machinery, Equipment & Parts	44,076.3	38,548.2	14.3
Manufactures of Metal	35,746.6	30,076.5	18.9
Transport Equipment	22,396.1	25,281.8	-11.4
Iron & Steel Products	21,553.5	16,496.7	30.7
Optical & Scientific Equipment	17,272.6	14,601.4	18.3
Processed Food	15,772.3	14,222.0	10.9
Rubber Products	11,911.6	5,709.4	108.6

TABLE 9: MAJOR IMPORT SOURCES (JANUARY- AUGUST)

Sources	Jan-Aug 2021 <sup>p</sup>	Jan-Aug 2020 <sup>f</sup>	Change
	RM Million	RM Million	%
<b>Total Imports</b>	<b>628,290.8</b>	<b>521,861.0</b>	<b>20.4</b>
China	147,164.0	108,353.4	35.8
Singapore	57,076.2	48,284.2	18.2
Japan	48,275.1	38,855.2	24.2
USA	47,627.9	47,083.2	1.2
Taiwan	46,870.4	37,941.2	23.5
Indonesia	34,278.7	22,636.3	51.4
ROK	30,784.1	33,766.8	-8.8
Thailand	28,760.0	20,898.7	37.6
India	16,722.5	16,705.7	0.1
Germany	16,701.2	15,684.3	6.5

Source: Department of Statistics, Malaysia  
Tabulated by: MATRADE

Notes:  
p - provisional data  
f - final data





# International Recognition of Malaysia's Emphasis on Sustainability

Malaysia's Economic Transformation Towards Environmental, Social and Governance (ESG) Elements Garner Strong Trade And Investment Interest From European Businesses.



**MALAYSIA'S** economic transformation efforts particularly in driving the Environment, Social and Governance (ESG) agenda are well received by the European business community as witnessed during the Trade and Investment Mission (TIM) to Europe from 13th to 21st October 2021, led by Senior Minister and Minister of International Trade and Industry, The Honourable Dato' Seri Mohamed Azmin Ali.

The strong recognition of Malaysia's renewed emphasis on sustainability agenda seen throughout this mission validated the sustained confidence of the European

investors and importers towards Malaysia, as a favoured business destination and a strategic gateway for European businesses to venture further into Southeast Asia region and the larger Asia Pacific market.

Indeed, the mission has yielded promising results, with the European investors making a strong commitment to invest a total of RM14.1 billion in Malaysia. The potential Foreign Direct Investment (FDI) from Germany is RM10.7 billion while potential FDIs from France and the United Kingdom are RM2.6 billion and RM800 million respectively. Concurrently, an export value of Malaysian products worth RM400 million (RM50 million to Germany, RM300 million to France and RM50 million to United Kingdom) is expected to materialise in the coming years.



**ON ACCOUNT OF THE VARIOUS OPPORTUNITIES IN MALAYSIA'S GREEN TECHNOLOGY AND GREEN MOBILITY SECTORS AS WELL AS IN OTHER HIGH-VALUE INDUSTRIES, THE EUROPEAN BUSINESSES AND INVESTORS LOOK FORWARD TO INTENSIFYING PARTICIPATION IN THOSE IMPORTANT AREAS THAT ARE AMONG THE KEY FOCUS IN MALAYSIA'S ECONOMIC DEVELOPMENT ASPIRATIONS."**

Throughout the Mission, The Honourable Senior Minister comprehensively shared Malaysia's vision in the sustainable agenda, notably our target of achieving carbon net-zero greenhouse gas (GHG) emissions earliest by 2050, as outlined in the Twelfth Malaysia Plan. On account of the various opportunities in Malaysia's green technology and green mobility sectors as well as in other high-value industries, the European businesses and investors look forward to intensifying participation in those important areas that are among the key focus in Malaysia's economic development Aspirations.

The Malaysian delegation was commended by the Government officials as well as industry leaders in Germany, France and United Kingdom, particularly for the strong and tireless efforts and commitments in advancing Malaysia's bilateral economic relations as countries around the globe are rebounding and recovering from the Pandemic.

The Honourable Senior Minister reinforced the importance of Malaysia's bilateral trade, investment and economic ties through a series of high-powered and productive engagements with his counterparts, His Excellency Franck Riester, Minister Delegate for Foreign Trade and Economic Attractiveness of the French Republic and The Right Honourable Anne-Marie Trevelyan, Secretary of State for International Trade of the United Kingdom. Among others, the Ministers identified collaboration opportunities in the areas of Industry 4.0, renewable energy and sustainability, as well as leveraging Malaysia's position in the Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to further expand their footprint in the region.

The Malaysian delegation had fruitful sessions with industry leaders such as Schott AG, BASF, Hansen & Rosenthal (H&R) Group, Porsche AG, Infineon Technologies

and Daimler in Frankfurt and Stuttgart culminating in expressions of strong interest to diversify and expand their business activities in Malaysia. During the session with The Federal Association of Materials Management, Purchasing and Logistic eV (BME), German member companies focusing on machinery and equipment sector reaffirmed their support in positioning Malaysia as a trusted and reliable partner.

In Paris, Dato' Seri Azmin met prominent industry leaders during a roundtable session with Mouvement des Entreprises de France (MEDEF) International, as well as held engaging sessions with Airbus, Saint Gobain, Adisseo Group, Prolaser and Innovafeed. The companies conveyed strong interest in growing their businesses in Malaysia in the fields of aerospace, biotechnology, advanced chemical, medical devices, halal products and construction sectors.

While in London, The Honourable Senior Minister had extensive and impactful discussions with world-renowned brands, namely, Dyson, BAE Systems, Smith and Nephew, Weir Minerals and Marlborough College (in support of the British Malaysian Chamber of Commerce), which shared insights on their presence and business activities in Malaysia. Further, Synthomer and Domus also shared the promising collaboration with Malaysia in the areas of chemical and building materials, respectively.

Dato' Seri Azmin also took the opportunity to meet Malaysian students in London and shared the Government's aspiration in driving Keluarga Malaysia towards an inclusive, advanced and high-income nation. The students were also informed that the Malaysian workforce is considered world-class by foreign investors and that they too, could be part of this talent pool, contributing actively to the economy upon their return to Malaysia.



# Malaysia, Preferred Hub for Global Manufacturers

Taiyo Yuden's Re-Investment and Expansion Speaks Volumes for Investors' Confidence in Malaysia's Business Ecosystem.



**GLOBAL PLAYERS SUCH AS TAIYO YUDEN FINDS MALAYSIA AN IDEAL CHOICE TO LEVERAGE THEIR GROWTH STRATEGY ON OUR EXCELLENT ELECTRICAL AND ELECTRONICS (E&E) ECOSYSTEM, STRATEGIC LOCATION, CONNECTIVITY AND SKILLED HUMAN RESOURCE."**

**MALAYSIA** welcomes the recent investment, announced three days ago by Taiyo Yuden of RM680 million, to produce multilayer ceramic capacitors in Kuching, Sarawak which will generate 2,000 high-skill jobs and is a testament to Malaysia being a preferred hub for global manufacturers and an ASEAN gateway.

This major investment, through their subsidiary, Taiyo Yuden (Sarawak) Sdn. Bhd., bodes well for our National Investment Aspirations (NIA), which aim at ensuring that Malaysia stays at the forefront as a global hub for quality investments, through increasing economic diversity, creating high-skill jobs and addressing economic imbalances which are in line with the national Shared Prosperity Vision 2030 commitment to make Malaysia a country that achieves sustainable economic growth along with fair, equitable and inclusive economic distribution.

In this regard, global players such as Taiyo Yuden finds Malaysia an ideal choice to leverage their growth strategy on our excellent

electrical and electronics (E&E) ecosystem, strategic location, connectivity and skilled human resource.

Taiyo Yuden's expansion is the culmination of a series of active and substantive engagements which began during my Trade and Investment Mission (TIM) to Japan in April 2021. Its 36,500 square meters facility in Kuching will feature the use of state-of-the-art, high-tech equipment and high energy conservation incorporating solar-powered roofs. These environmentally friendly features will not only enhance production efficiency but also reduce harmful greenhouse impact and are in line with the Environment, Social and Governance values (ESG) under the United Nations Sustainable Development Goals (UNSDG).

Since 1980, Japan has been the largest foreign investor in terms of implemented projects in Malaysia, with total investments valued at RM91.4 billion. As of 2020, a total of 2,761 manufacturing projects with Japanese participation have been implemented in industries such as E&E, chemicals, non-metallic mineral products, and transport equipment.

Going forward, we are confident that in spite of the challenging global economic landscape, foreign direct investments would continue to flow into Malaysia as the Government pushes ahead with initiatives to enhance the business environment and investors' confidence in Malaysia. With our strategic value proposition via our National Investment Aspirations, companies, foreign and local alike, will be able to grow their businesses to another level and transform as competitive world players.



# Massive Jump in Approved Investments Signals Investor Confidence

MITI and MIDA Committed to Ensuring Success of National Investment Aspirations and Robust and Sustainable Economic Recovery.

**MALAYSIA** achieved robust and impressive performance for the first half of 2021 with foreign direct investments (FDI) soaring by 223.1 per cent compared to 1H 2020, signalling the confidence of foreign investors in the country's stable and conducive economic climate and business ecosystem. This augurs well for Malaysia's path to vibrant and sustainable economic recovery.

The stellar performance also demonstrates that Malaysia's strategy of positioning the country as an attractive investment destination of choice and a supply chain hub in ASEAN, particularly for manufacturing operations, is showing positive results. FDI drove the strong and vibrant performance of the manufacturing sector during the



**THE STELLAR PERFORMANCE ALSO DEMONSTRATES THAT MALAYSIA'S STRATEGY OF POSITIONING THE COUNTRY AS AN ATTRACTIVE INVESTMENT DESTINATION OF CHOICE AND A SUPPLY CHAIN HUB IN ASEAN, PARTICULARLY FOR MANUFACTURING OPERATIONS, IS SHOWING POSITIVE RESULTS."**



period, registering RM58.2 billion in approved investments. The remaining RM8.7 billion approved investments in this sector were from domestic sources.

In terms of total approved investments, Malaysia recorded RM107.5 billion of FDI and domestic direct investments (DDI) in the manufacturing, services and primary sectors, chalking up a massive jump of 69.8 per cent compared to the same period last year. Achieved amidst a very challenging global economic landscape, the investments involved 2,110 projects and are expected to generate 44,994 job opportunities in the country.

Leveraging on the positive progress on the National Recovery Plan (NRP), improvement in the overall public health situation, and gradual reopening of economic sectors, Malaysia continues to attract high-value and high-tech investments, bolstered by our capacity and capability in providing high-skilled talents and firm readiness in adopting advanced technology for value-added industries.

**With high-value, high-technology investments pouring into the country, they will not only boost the employment opportunities in high-tech industries but also enable local businesses to leverage the global value chain.**





In tandem with our National Investment Aspirations (NIA), Malaysia consistently pursues more capital-intensive projects and those that support the development agenda of the nation, consistent with Environmental, Social and Governance (ESG) goals. This is reflected by the increasing number of capital-intensive projects approved by MIDA.

Simultaneously, there is an emphasis on creating jobs across a wide spectrum of skills for the rakyat. In this regard, the 367 manufacturing projects worth RM66.9 billion approved during the first half of 2021, will create 32,220 job opportunities in various positions and roles, leading on the path for high-value and skilled employment.

The workforce required for the approved investments includes 1,367 managerial positions and 4,031 technical professionals such as engineers in the field of E&E, mechanical, chemical and other disciplines, reflecting the higher value chain transition of the manufacturing sector. The approved manufacturing projects will also require 4,144 skilled craftsmen. Meanwhile, domestic investments, leading in the services and primary sectors, totalled RM45.0 billion or 41.9% of the total approved investments.

Notable projects approved in 1H 2021 include the Republic of Korea's SK Nexilis project for a new copper foil manufacturing plant, Risen Energy's proposed project to produce bi-facial technology solar products, and OCIM's proposed investment to expand the capacity of its solar-grade polysilicon plant. These projects will not only further enhance Malaysia's industry ecosystem but boost employment opportunities in the field of high-tech skills as well as enable local businesses to leverage the global value chain.

Going forward, from the strategic vantage point of the NIA, we will continue to pursue high-quality investments to bring value to the nation and people, not just in preserving jobs but in creating new high value-added employment. We are committed to positioning

Malaysia as the ideal partner for investors in the region, enhancing our economic complexity and propelling long term growth for Malaysia through the flow of sustainable quality investments in new and complex growth areas.

With the trajectory of Malaysia's strong economic fundamentals, positive factors underpinning growth prospects as well as expected stronger external demand for our products, the Government is fully committed to ensuring robust and sustainable recovery, equitable economic growth and shared prosperity for Malaysia.

### **APPROVED INVESTMENTS IN MALAYSIA INCREASED BY MORE THAN 69 %, TO RECORD RM107.5 BILLION IN THE FIRST HALF OF 2021**

During the first half of 2021, Malaysia attracted a total of RM107.5 billion of foreign investments (FDI) and expanded domestic investments (DDI) approved in the manufacturing, services and primary sectors, representing an increase of 69.8 per cent compared to the same period of last year. The approved investments involved 2,110 projects and are expected to generate 44,994 job opportunities in the country.

More than 58.1 per cent of the approved investments were from foreign sources, valued at RM62.5 billion. Singapore, the Republic of Korea and the Netherlands were the top three foreign investment sources accounting for nearly 90 per cent or RM54.9 billion of the total approved FDI in the country.

Meanwhile, domestic investments totalled RM45.0 billion or 41.9% of the total approved investments. While FDI dominated the manufacturing sector, investments from Malaysian companies led in the services and primary sectors.



Five states - Kedah, Selangor, W.P. Kuala Lumpur, Sarawak and Johor - contributed RM85.0 billion (79.0%) to the total approved investments with a potential to create 31,395 jobs.

## MANUFACTURING SECTOR

The manufacturing sector accounted for the largest share of the total investments in 1H 2021, amounting to RM66.9 billion (62.2%), followed by the services sector with RM34.1 billion (31.7%) and the primary sector with RM6.5 billion (6.1%).

A total of 367 manufacturing projects worth RM66.9 billion were approved in the first six months of 2021, compared to RM36.4 billion in the same period last year. In terms of top-performing industries in 1H 2021, the electrical and electronics (E&E) (RM47.1 billion), fabricated metal products (RM5.1 billion), chemicals and chemical products (RM3.8 billion), food manufacturing (RM3.7 billion) and rubber products (RM3.6 billion) made up 94.6 per cent of total approved investments for this sector.

The workforce required for the approved investments includes 1,367 managerial positions and 4,031 technical professionals such as engineers in the field of E&E, mechanical, chemical and other disciplines, reflecting the higher value chain transition of the manufacturing sector. The approved manufacturing projects will also require 4,144 skilled craftsmen such as plant maintenance supervisors, tools and die makers, machinists, IT personnel, quality controllers, electricians and welders. The capital investment per employee (CIPE) ratio of the projects approved in 1H 2021 increased to RM2,077,245 from RM1,333,559 during the same period last year.

FDI drove the robust performance of the manufacturing sector during the period, registering RM58.2 billion in approved investments, soaring by 223.1 per cent compared to 1H 2020. The remaining RM8.7

billion approved investments in the sector were from domestic sources. Notable projects approved in 1H 2021 include the Republic of Korea's SK Nexilis project for a new copper foil manufacturing plant, Risen Energy's proposed project to produce bi-facial technology solar products in Malaysia, and OCIM's proposed investment to expand the capacity of its solar-grade polysilicon plant in Samalaju, Sarawak.

## SERVICES SECTOR

A total of 1,717 services projects were approved in 1H 2021. These projects are expected to create more than 12,400 job opportunities. The total investments approved in the services sector recorded an increase of nearly 30 per cent from the approvals recorded for the same period in 2020.

Domestic investments made up the larger portion, recording RM31.9 billion or 93.6 per cent of the total approved investments while the remainder, RM2.2 billion were from foreign sources. The real estate sub-sector remains the largest contributor with RM14.9 billion, recording a 20.6 per cent increase from the corresponding period last year. Following the easing of restrictions on economic activities, the global establishments, support services, transport services, distributive trade, hotel and tourism, financial services and education services subsectors have also recorded increases during the period.

## PRIMARY SECTOR

The primary sector contributed RM6.5 billion or 6.1 per cent to the total approved projects in the first half of 2021. The mining subsector continued to lead with approved investments of RM6.4 billion, followed by plantation and commodities with RM79.8 million and agriculture with RM11.5 million. These investments are expected to create 278 job opportunities. Investments from domestic sources took the lead in the sector with a total amount of RM4.4 billion or 66.9 per cent, while foreign investments contributed RM2.1 billion or 33.1 per cent.

# Malaysia Shows Leadership in Driving the Fourth Industrial Revolution (4IR) Forward

Western Digital Smart Facilities Recognised as Part of the Prestigious Global Lighthouse Network of the World Economic Forum.



**WESTERN** Digital Malaysia in Batu Kawan, Penang has been recognised as World Economic Forum's (WEF) Global Lighthouse Factory, joining the ranks of the Global Lighthouse Network (GLN). This recognition makes Western Digital Malaysia the first to be named an intelligent factory in the country and is a testament to our Electrical & Electronics (E&E) ecosystem, robust talent landscape and the country's readiness for 4IR.

The Global Lighthouse Factory recognition is given to world-leading companies that have succeeded in the adaptation of the 4IR at scale by utilising key innovations, such as the Internet of Things (IoT), Artificial Intelligence (AI), autonomous robots and cloud computing technology in their daily production processes. Western Digital Malaysia's exemplary transformational change at their facility in Penang is one of the 90 total manufacturing facilities recognised globally.



This recognition marks Malaysia's E&E ecosystem strength in propelling the growth of strategic and high-impact industries and ultimately fulfilling our national focus on boosting the E&E industry in moving up the value chain, as outlined in the Twelfth Malaysia Plan (12MP).

In this regard, Western Digital Malaysia's admission into the GLN also conveys that they are committed to realising the potential of 4IR technologies in manufacturing companies and how it can unlock new levels of sustainability in their operations. Indeed, this will further support the aspirations of 12MP in driving the adoption of Environment, Social & Governance (ESG) where manufacturing companies can achieve greater operational competitiveness while simultaneously making commitments to environmental leadership, leading to a cleaner, more sustainable future as a result.

Western Digital Malaysia has also taken strides in ensuring a future-ready talent pipeline through their comprehensive Industrial Internet of Things (IIOT) Academy programme, which includes strategic partnerships with local universities and international platforms, upskilling and nurturing their employees in new ways of thinking with the adoption of 4IR

technologies. This will equip the current and future workforce with 4IR skill sets and create quality job opportunities for all Malaysians.

Western Digital Malaysia stewardship will contribute to broader economic spillover as a notable beacon company to their supply chain partners and local vendors in adopting 4IR technologies. This presents a great opportunity for more collaboration with Small, Medium, Enterprises (SMEs) on this new front as they embark on this transformation. It is likely that more companies in Malaysia will achieve outstanding business results while decreasing environmental footprint through the adoption of 4IR technologies.

Ministry of International Trade and Industry (MITI) through the Malaysian Investment Development Authority (MIDA) will continue to identify, attract and facilitate high-quality projects that encompass advanced technology, knowledge-based and capital-intensive investments to create a multiplier impact on the nation's economy. Creating high-value job opportunities and enhancing the overall industry's ecosystem has always been a top priority in fuelling sustainable economic growth.



**Western Digital**, Batu Kawan (Malaysia) in Penang has been recognised as World Economic Forum's (WEF) **Global Lighthouse factory**, joining the ranks of the Global Lighthouse Network (GLN).

This recognition makes Western Digital the first to be named an **intelligent factory in Malaysia**.

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY



The recognition supports Malaysia's efforts to develop local manufacturing industries with higher value-added, diverse and complex products, in line with the **National Investment Aspirations (NIA)** and the **Twelfth Malaysian Plan (12MP)**.

MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

# Malaysia's Free Trade Agreements (FTA)

Malaysia Has Signed 16 FTAs and Implemented 14 Ftas (7 Bilateral FTAs and 7 Regional FTAs).

**COLLECTIVELY**, in 2019, trade with countries covered by both the regional and bilateral FTAs accounted for 66.7% of Malaysia's total trade or RM1.22 trillion. Exports to FTA countries amounted to RM672.1 billion while imports totalled RM551.5 billion.

As for the first 9 months of 2020, trade with FTA partners accounted for 66.5% or RM860.6 billion. Exports amounted to RM483.29 billion, while imports totalled RM377.31 billion.

## Bilateral FTAs

FTA	Date of Entry into Force (EIF)
1 Malaysia-Japan Economic Partnership Agreement (MJEPA)	13 July 2006
2 Malaysia-Pakistan Closer Economic Partnership Agreement (MPCEPA)	1 January 2008
3 Malaysia-New Zealand Free Trade Agreement (MNZFTA)	1 August 2010
4 Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA)	1 July 2011
5 Malaysia-Chile Free Trade Agreement (MCFTA)	25 February 2012
6 Malaysia-Australia Free Trade Agreement (MAFTA)	1 January 2013
7 Malaysia-Turkey Free Trade Agreement (MTFTA)	1 August 2015



## Regional FTAs

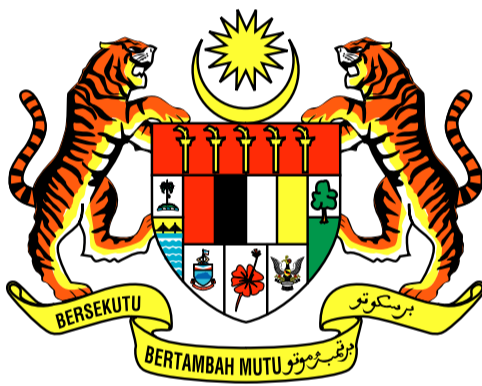
FTA		Date of Entry into Force (EIF)
1	ASEAN Free Trade Area (AFTA)	1993
2	ASEAN-China Free Trade Agreement (ACFTA)	1 July 2003
3	ASEAN-Korea Free Trade Agreement (AKFTA)	1 July 2006
4	ASEAN-Japan Comprehensive Economic Partnership (AJCEP)	1 February 2009
5	ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)	1 January 2010
6	ASEAN-India Free Trade Agreement (AIFTA)	1 January 2010
7	ASEAN-Hong Kong Free Trade Agreement (AHKFTA)	13 October 2019

## FTAs Signed but Pending Ratification and Entry into Force

1. Regional Comprehensive Economic Partnership (RCEP) - signed on 15 Nov 2020
2. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) - signed on 8 March 2018

## FTAs Currently Negotiated

1. Malaysia-European Free Trade Area Economic Partnership Agreement (MEEPA)



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