

## Malaysia's Bogor Goals Progress Report (as at 8 August 2014)\*

### Highlights of Achievements and Areas for Improvement

- Average MFN tariffs are relatively low. However, some agricultural products and manufactures are still subject to high MFN tariffs above 50 per cent.
- Import licenses have been eliminated for a number of products, but they are still needed for imports under 60 product categories.
- Export taxes and restrictions are applied for some products considered essential to safeguard domestic supply.
- Deep liberalization in services sectors in recent years.
- More opportunities for foreign investors as reforms are loosening investment restrictions.
- To facilitate the recognition of products suitable for commercialization, the number of accreditation schemes, laboratories, certification bodies and inspection parties has increased in the last two years.
- Initiatives to streamline customs procedures such as the Authorized Economic Operators and the National Single Window are being expanded.
- Several measures to strengthen IPR, including amendments to the Copyright Act, the Industrial Designs Regulations and the Geographical Indications Regulations.
- Step forward in competition policy and dispute mediation with the implementation of the Competition Act, the Mediation Act and the amendments to the Arbitration Act.
- Government emphasis in deregulation and regulatory reforms to promote fair competition and reduce the cost of doing business.

### Summary of Topics

#### Tariffs

Malaysia has continued reducing tariffs on a number of products, including 473 tariff lines in 2010, 265 in 2012 and six in 2013. Many of the products that experienced tariffs cut in recent years were consumer products (e.g. clothing). Malaysia's average MFN tariff is relatively low, at 5.6 per cent in 2013.

However, high MFN tariffs are still applied to some agricultural and non-agricultural products. In the case of agricultural products, some tariff rates could reach 90 per cent (e.g. round cabbage) or high tariff rates could be concealed under non-ad valorem rates. As for non-agricultural products, articles of stone and transport equipment faced the highest MFN average tariffs rates.

Tariff-rate quotas are still maintained for 20 tariff lines concerning agricultural products.

#### Non-Tariff Measures

Between 2008 and 2012, Malaysia eliminated the import licensing requirement for 59 tariff lines. Nevertheless, permits or approvals and inspections are still needed for imports under 60 product categories. Malaysia reported that these procedures are required to meet international

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\* This brief report was prepared with information from Malaysia's submission of 2014 APEC Individual Action Plan (IAP) template; the 2014 WTO Trade Policy Review – Report by the Secretariat – Malaysia; the WTO SPS and TBT Information Systems; and information from the Ministry of International Trade and Industry and the Economic Planning Unit.

commitments and safeguard national security, public health and safety. These procedures are also used for monitoring purposes.

Licensing requirements are also required for exports under 25 product categories. Also, exports under 39 product categories are subject to permits or approvals and inspections. Export taxes are also applied to some products. These restrictions and taxes are being applied to products considered as essential to guarantee domestic supply.

### Services

Malaysia continues implementing measures to liberalize services sectors. Since 2009, the government announced the liberalization of 45 services sub-sectors to allow foreign participation, such as telecommunications via application services providers, courier services, some educational services (e.g. technical and vocational secondary education), distribution services and some professional services (e.g. legal, architectural, engineering), among others. Only three out of the 45 services sub-sectors are pending amendments in their domestic legislation for full implementation.

A dedicated services webportal [www.myservices.miti.gov.my](http://www.myservices.miti.gov.my) was launched in December 2012. The website provides detailed information on Malaysia's services sector, including regulations and commitments in RTA/FTA and at the multilateral level.

### Investment

Foreign investment is allowed in more sectors after the measures implemented by the government with the objective to increase Malaysia's competitiveness. FDI still faces restrictions in some areas such as fisheries, energy, telecommunications, air and maritime transport. Foreign investors are facing increasing restrictions to purchase property, since the minimum property value allowed was increased from MYR 500,000 to MYR 1 million.

To attract FDI, as at October 2013, Malaysia had signed 74 Investor Guarantee Agreements, 64 of which were in force, as well as double taxation agreements with 70 economies.

### Standards and Conformance

Malaysia has developed 6,575 standards with an alignment with international standards equivalent to 58.8 per cent. In comparison to the 2012 Bogor Goals Progress Report, Malaysia has increased the number of accreditation schemes from four to five; accredited laboratories from 542 to 626; accredited certification bodies in several areas from 43 to 51; and accredited inspection bodies from six to eleven. Malaysia also has four facilities for Good Laboratory Practices Compliance Tests.

Malaysia is participating actively in the International Standardization Organization, the International Electrotechnical Commission and the Pacific Accreditation Cooperation.

By the end of 2013, three specific trade concerns raised against Malaysia at the WTO SPS Committee had not reported a resolution. The most recent unresolved concerns raised in 2011 involved pork products. Similarly, three specific trade concerns against Malaysia raised at the

WTO TBT Committee had not reported a resolution. The most recent concern was raised in 2012 and involved protocols for halal meat and poultry production.

### **Customs Procedures**

The Authorized Economic Operator (AEO) Program has been expanded. Between December 2011 and December 2013, 37 companies gained AEO status.

Malaysia also continues to implement initiatives to streamline customs procedures. The National Single Window offers five services. Three of them have been fully implemented: eDeclare (for import/export declarations), eManifest (for cargo and vessel manifests) and ePCO (for preferential certification). The ePayment (for online duty payment) has been implemented in 6 Malaysian states (42.8 per cent) and the ePermit (for import/export permits) has been implemented by 26 permit issuing agencies (96.3 per cent).

### **Intellectual Property Rights**

In recent times, Malaysia has implemented several measures to strengthen IPR. The Copyright Act was amended and entered into force in 2012. The amendments include new provisions on anti-camcording, internet service provider's liability and circumvention of technological protection measures. Similarly, Malaysia introduced the Copyright Voluntary Notification System to facilitate the registration of copyright work at the Intellectual Property Corporation of Malaysia (MyIPO).

In 2013, the IP Valuation initiative was launched. The intentions of this initiative are to facilitate IP owners to obtain funds by utilizing IP as collateral and to encourage transactions concerning IP among industry players. In the same year, Malaysia also amended the Industrial Designs Regulations, which includes provisions on worldwide novelty and increase term of protection to 25 years; and the Geographical Indications Regulations, which include provisions on eligibility, registration and renewal of geographical indication agents.

Malaysia also joined two international treaties under the administration of the World Intellectual Property Organization (WIPO): the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty.

### **Competition Policy**

The Competition Act came into force on 1 January 2012. This Act created the Malaysia Competition Commission, which has been undertaking investigations on cases of possible infringement of the competition laws. The Malaysia Competition Commission is also undertaking market studies, introducing guidelines on competition policy topics and organizing competition advocacy programs.

### **Government Procurement**

Efforts are being implemented to improve transparency in government procurement. Malaysia is implementing an electronic procurement (eP) system in government agencies. The Treasury Instruction Letter on 28 June 2013 stipulates that Cost Responsibility Centres of government agencies are required to ensure that at least 75 per cent of their annual allocation of procurement is conducted online through the eP system.

Malaysia still uses preferences in government procurement processes to benefit locally owned businesses. Generally, international tenders are invited only when local providers of goods and services are not available.

### **Deregulation/Regulatory Reform**

Malaysia is working actively to promote a transparent, sound and fair regulatory environment with the aim of removing market distortions, encourage competition and reduce the cost of doing business. Emphasis is being given on establishing electronic portals for on-line transactions, setting up one-stop shops, reducing red tape, streamlining business formalities and procedures, structural reforms in services sectors and rationalizing the role of public sector in public healthcare, electricity and telecommunications.

### **Dispute Mediation**

The Mediation Act entered into force on 1 August 2012. The Act seeks promoting and encouraging mediation as a method of Alternative Dispute Resolution and facilitating a fair settlement of disputes in a fast and cost-efficient manner.

The Arbitration Act was amended in July 2011. The amendments seek to enhance arbitration law in Malaysia by giving greater independence to the arbitral processes and lessen possible interventions from the courts.

### **Transparency**

All policies, laws and regulations are publicly available in the relevant Ministries and Agencies' websites. On 15 July 2013, Malaysia formalized the requirement for all Federal Government regulators to undertake a Regulatory Impact Assessment (RIA) and present a Regulatory Impact Statement (RIS) when creating or reviewing regulation that may impact businesses. It is expected this requirement is going to enhance transparency, accountability and openness.

The Malaysia Productivity Corporation has created the RIS portal, <http://ris.mpc.gov.my>, as a platform for public consultation in drafting new regulations and amending existing regulations. Stakeholders can provide feedback through this website.

### **RTA/FTAs**

Malaysia has reported 12 RTA/FTAs in force<sup>1</sup>. Malaysia is currently participating in four RTA/FTA negotiations, including the Trans-Pacific Partnership Agreement and the Regional Comprehensive Economic Partnership.

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<sup>1</sup> Malaysia's RTA/FTAs are the following ones: ASEAN (1992), ASEAN-China (2005), Malaysia-Japan (2006), ASEAN-Korea (2007), Malaysia-Pakistan (2008), ASEAN-Japan (2009), ASEAN-Australia-New Zealand (2010), ASEAN-India (2010), Malaysia-New Zealand (2010), Malaysia-Chile (2012), Malaysia-India (2011), and Malaysia-Australia (2013).