

INDIVIDUAL ACTION PLAN

**MALAYSIA
(JULY 2004 – JULY 2006)**

I. FACILITATION AND COOPERATION

	ACTIONS	SPECIFIC ACTIVITIES TO BE UNDERTAKEN	PROGRESS REPORT
a.	Overall Investment Framework	The general policy framework is in place. Malaysia will continue to review and further improve her investment regime	Malaysia undertakes regular review of investment policies and incentives to ensure a conducive investment environment.
b.	Transparency	Continue to update publications and website and develop new publications to further enhance transparency	<p>Updated investment materials / websites to reflect current investment policies, incentives and procedures</p> <p>Investment publications are translated into various languages to facilitate investors' understanding of Malaysia's investment regime:-</p> <ul style="list-style-type: none"> a. Malaysia: Investment in the Manufacturing Sector – Policies, Incentives & Facilities is available in 3 languages (English, French and German) b. Guide for Malaysia Manufacturers is available in 2 languages (English and Bahasa Melayu) c. The Cost of Doing Business in Malaysia is available in 8 languages (English, German, Spanish, Bahasa Melayu, Japanese, Italian, Mandarin China and Mandarin Taiwan) d. The other publications are available in English.

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			<p>Published literatures on investment in Malaysia are distributed to various industry associations, embassies, state and overseas trade and investment offices to facilitate investors' understanding of Malaysia's investment regime and investment opportunities.</p> <p>Provided updated information on Malaysia in web sites or publications of other regional fora where Malaysia is a member e.g. APEC and ASEM.</p> <p>Published several guide books / CD-Rom:-</p> <ul style="list-style-type: none"> • Malaysia : Investment in the Manufacturing Sector – Policies, Incentives & Facilities • Guidebook on Business & Professional Services • Guide for Malaysia Manufacturers • The Cost of Doing Business in Malaysia • Expatriate Living in Malaysia • Why Malaysia • Malaysia Engineering Supporting Industry • Business Opportunities in Malaysia's Electronics Industry • Guide On Key Services Supporting the Manufacturing Sector (CD-Rom) • Business Opportunities in Malaysia's Medical Device Industry • Profit from Malaysia's Petrochemical Industry • Photonics : Opportunities for Growth in Malaysia • Electronics Manufacturing Services: Malaysia's EMS Advantage • Make Malaysia Your Biotechnology Hub • Food Industry in Malaysia

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			<ul style="list-style-type: none"> • Malaysia's Machinery & Equipment Industry • Malaysia – Your Ideal Location for Regional Support Establishments <p>These publications are also available on the MIDA's website.</p>
c.	Simplification of Procedures for Applications and Approvals	<p>To ensure that investment application forms and procedures are simple in order to minimize transactions costs to investors.</p> <p>To enhance the effectiveness of the government delivery system.</p>	<p>Facilitated access to application forms for manufacturing licenses and incentives by making these forms available in the MIDA website together with guidelines of the respective forms.</p> <p>A fast track mechanism has been introduced for the following :-</p> <ol style="list-style-type: none"> a. Approval for manufacturing license for non-sensitive industries is now given on a fast track basis, i.e. within 7 working days from the date complete information is received. b. Approval of incentives for small scale industries is given within 7 working days from the date complete information is received. c. Applications for exemption of import duties on raw materials and components are processed within 14 working days from the date complete information is received.
d.	Expansion/Increasing Bilateral Double Taxation Avoidance Agreements (DTAs) with ASEAN Member Countries	To expand number of bilateral DTAs with other ASEAN countries	Malaysia has concluded 64 bilateral Avoidance of Double Taxation Agreements (DTAs) including 6 with ASEAN countries.

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e.	New Bilateral Investment Guarantee Agreements	To continue to conclude bilateral Investment Guarantee Agreements	Malaysia has concluded 69 bilateral Investment Guarantee Agreements (IGAs).
f.	Establishment of Coordinating Centres / One Stop Action Centres	To review existing coordinating centres to ensure that they are effective in promoting and facilitating investments.	<p>MIDA is the government's one-stop agency to facilitate and promote investments in the manufacturing and services sectors. MIDA has been mandated to promote services sectors, excluding financial services and utilities, w.e.f. 27 March 2004.</p> <p>MIDA provides assistance to investors from the pre-establishment to post-establishment stage such as in overcoming problems in implementation and operation of their projects.</p> <p>As at July 2006, Malaysia established :</p> <ul style="list-style-type: none"> - A two-tier One-Stop Centre at the Local Authority and the State Government levels to process all applications for Building Plans and Certificates of Fitness for Occupation including obtaining the certification from relevant technical agencies. - A fast-track system for land alienation and land use conversion and appointed State Economic Planning Units as one-stop processing centres for such applications. - Certain State Governments and 118 local authorities have established one-stop centres to facilitate the approval of Building Plans & Certificates of Fitness of Occupation.

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			<p>Some State Governments have established State Investment Centres to promote and facilitate investments in the states. Presently, Selangor, Pulau Pinang, Negeri Sembilan, Melaka, Johor, Kelantan and Kedah have set up State Investment Centres.</p> <p>MIDA has established a Customer Service Centre (CSC) to improve service delivery, customer care, and quality of service and responsiveness of MIDA on behalf of the country to meet customers' needs in investment. The Centre integrates people, processes and technology to optimize knowledge to manage customer relationship effectively and efficiently.</p>

II. PROMOTION AND AWARENESS

a.	Promotion Missions Abroad and Within ASEAN countries	Undertake trade and investment promotion missions overseas to facilitate Malaysia trade and investment activities.	Organised trade and investment promotion missions to USA (East Coast & West Coast), Italy, Germany, United Kingdom (UK), Turkey, Egypt, Saudi Arabia, Canada, San Francisco, California, China , Hong Kong, Korea, Japan, Taiwan, Cambodia, Vietnam, Indonesia and Australia.
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b.	Investment Seminars and Business Meetings	Undertake Investment Seminars and Business Meetings in the country and overseas to promote trade and investment.	<p>In conjunction with the investment missions to USA (East Coast & West Coast), Italy, Germany, United Kingdom (UK), Turkey, Egypt, Saudi Arabia, Canada, San Francisco, California, China , Hong Kong, Korea, Japan, Taiwan, Cambodia, Vietnam, Indonesia and Australia, seminars were held in the respective cities to update businessmen and investors on investment opportunities in Malaysia.</p> <p>Roundtable Meetings and individual meetings with companies were held in conjunction with the investment missions to Turkey, China, Hong Kong and Australia.</p> <p>Specific Project Missions (SPMs) were also undertaken to Germany, Sweden, Japan, India, Korea, Europe, Taiwan and USA to follow up and discuss with foreign companies that had indicated interests to invest in Malaysia.</p>
c.	Provision of Investment Information/ Statistics/ Publication and Promotion Kits	To participate in ASEAN initiatives to realize comparable FDI statistics in ASEAN and support the publication of the annual ASEAN Investment Report.	Provided statistics on investment for the publication of the annual ASEAN Investment Report and the Statistics of Foreign Direct Investment in ASEAN.
d.	HRD Training Programme for Promotion Skills	To support and participate in HRD programmes under the ASEAN programme on investment for investment promotion officials of ASEAN.	Organised the annual Familiarisation Programme for Officials of Investment Promotion Agencies, which was also attended by ASEAN investment promotion officials.

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e.	Setting up of Investment Websites and Databases	To provide up-to-date investment information on Malaysia for publications by ASEAN Secretariat and the ASEAN Web.	Provided information on Malaysia's investment regime for the 'Guidebook for Investing in ASEAN : Update 2004'

III. LIBERALISATION

a.	Opening Up of Sectors and Negative List / Sensitive List / Exclusion List	To review the Sensitive List for Manufacturing, Agriculture, Forestry, Fishery and Mining Sectors.	As required under the AIA Agreement, Malaysia has undertaken a review of the Sensitive List (SL) in 2004 for Manufacturing, Agriculture, Forestry, Fishery and Mining Sectors as well as the SL for Services Incidental to these five sectors. Malaysia submitted her updated SL for the 9 th AIA Council.
b.	Relaxation of Restrictions : Equity Requirements	To review the relaxation of restriction on equity requirement with the aim of maintaining and ensuring a favourable regime for investment.	Since 17 June 2003, companies are allowed to hold 100 percent foreign equity in all new investments, as well as investments for expansion/diversification projects in manufacturing sector, irrespective of the level of exports.
c.	Relaxation of Restriction: Local Content	Malaysia has phased out the local content requirement tied to investment incentives.	In line with WTO TRIMs Agreement, Malaysia phased out the local content requirement imposed on investment incentives by 1 January 2002 and the mandatory local sourcing requirement for the automotive sector by 31 December 2003.

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d.	Relaxation of Restrictions: Technology Requirements.	Malaysia has phased out the present policy for regulating technology transfer agreements.	<p>Since 16 October 2002, manufacturing companies are no longer required to:-</p> <ol style="list-style-type: none"> a. Obtain approval before entering into technology transfer agreement. b. Obtain approval to import and use used machineries.
e.	Relaxation of Restrictions : Employment of Foreign Personnel / Expatriates	Malaysia has liberalized the policy on employment of expatriates and foreign workers in the manufacturing sector.	<p>Since 17 June 2003, Malaysia has liberalised the policy on employment of expatriates and foreign workers in the manufacturing sectors as follows :</p> <ul style="list-style-type: none"> - Automatic approval is given for up to ten (10) expatriate posts (including 5 key posts) for manufacturing companies with foreign paid-up capital of US\$ 2 million and above. - Automatic approval is given for up to five (5) expatriate posts, including at least one key post, for manufacturing companies with foreign paid-up capital of more than US\$ 200,000 but less than US \$ 2 million. <p>Expatriates can be employed for up to a maximum of ten (10) years for executive posts and five (5) years for non-executive posts.</p> <p>For the services sector, in the area of Regional Distribution Centres, Operational Headquarters and International Procurement Centres, the number of key posts and time posts granted will be based on the companies' requirements.</p>

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f.	Relaxation of Restrictions : Export Requirements	To review the relaxation of restriction on export requirement with the aim of maintaining and ensuring a favourable regime for investment.	<p>Since 17 June 2003, no export condition is imposed on new /expansion / diversification projects in the manufacturing sector.</p> <p>For those existing companies where export conditions were imposed, companies can request for these conditions to be removed or reduced and approval will be given based on the merits of each case.</p> <p>The consideration for removal/reduction of export condition is based on the following guidelines :</p> <ul style="list-style-type: none"> - Removal of export condition for products with nil duty or products not produced locally. - Reduction of export condition if the domestic supply is inadequate or there has been an increase in imports from ASEAN for products with CEPT duties of 5% and below.
g.	Foreign Exchange Control/ Foreign Account on Domestic Banks	To further liberalise the exchange control regulations	<p>Effective 1 April 2004, Malaysia further liberalized several major foreign exchange administration policies as follows :</p> <ul style="list-style-type: none"> - The overnight export foreign currency accounts (FCA) limit for Approved Operational Headquarters is increased to USD100 million from USD70 million. - All permitted ringgit lending permits for various purposes, by banking institutions to a non-resident are consolidated into one aggregate limit and raised to RM10 million.

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			<ul style="list-style-type: none"> - The limits on foreign currency export proceeds retained by resident exporters in export FCA have been raised as follows : <table data-bbox="1339 435 2000 762"> <thead> <tr> <th style="text-align: center;"><u>Average monthly export receipts</u></th> <th style="text-align: center;"><u>Overnight limits (USD million)</u></th> </tr> </thead> <tbody> <tr> <td>Exceeding RM100 million</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Exceeding RM50 million up to RM100 million</td> <td style="text-align: center;">60</td> </tr> <tr> <td>Up to RM50 million or for new exporters</td> <td style="text-align: center;">30</td> </tr> </tbody> </table> - Non-resident stockbrokers or custodian banks and onshore licensed banks are now allowed to extend up to an aggregate overnight overdraft facility of RM200 million (RM10 million previously) to facilitate settlement for purchase of shares listed on Malaysia Securities Exchange Berhad. <p>Effective 21 July 2005, Malaysia has unpegged the ringgit which was previously pegged at US\$1 to RM3.80. Currently, the exchange rate on the ringgit is switched to a managed float system against a basket of key foreign currencies.</p>	<u>Average monthly export receipts</u>	<u>Overnight limits (USD million)</u>	Exceeding RM100 million	100	Exceeding RM50 million up to RM100 million	60	Up to RM50 million or for new exporters	30
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