

MALAYSIA COUNTRY REPORT

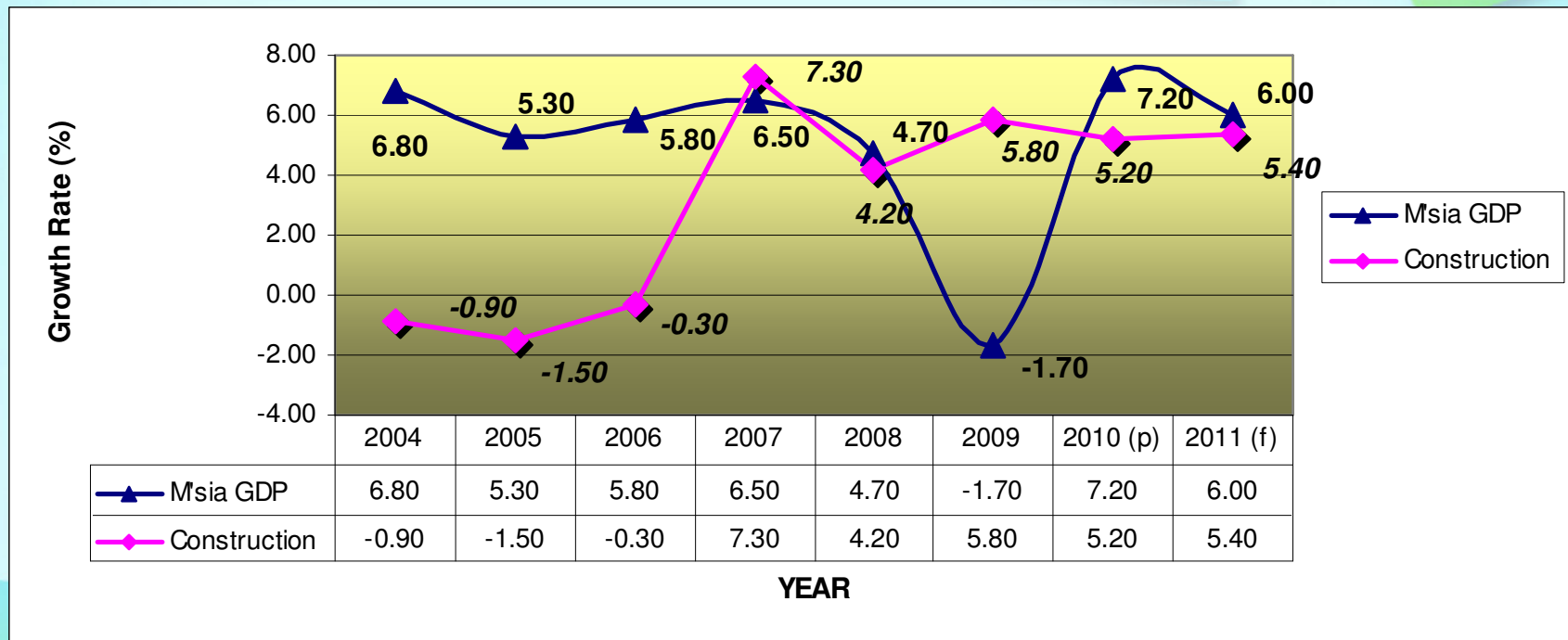
18TH CICA COUNCIL MEETING

BY

**PUAN SRI MAIMON ARIF PATAIL
VICE-CHAIRMAN
FMM MALAYSIAN CERAMIC INDUSTRY GROUP
(FMM MCIG)**



Malaysia GDP & Construction Sector Growth Trend 2004-2011



Source :Bank Negara Malaysia/Economic Planning Unit
 2009= preliminary
 2010= forecast



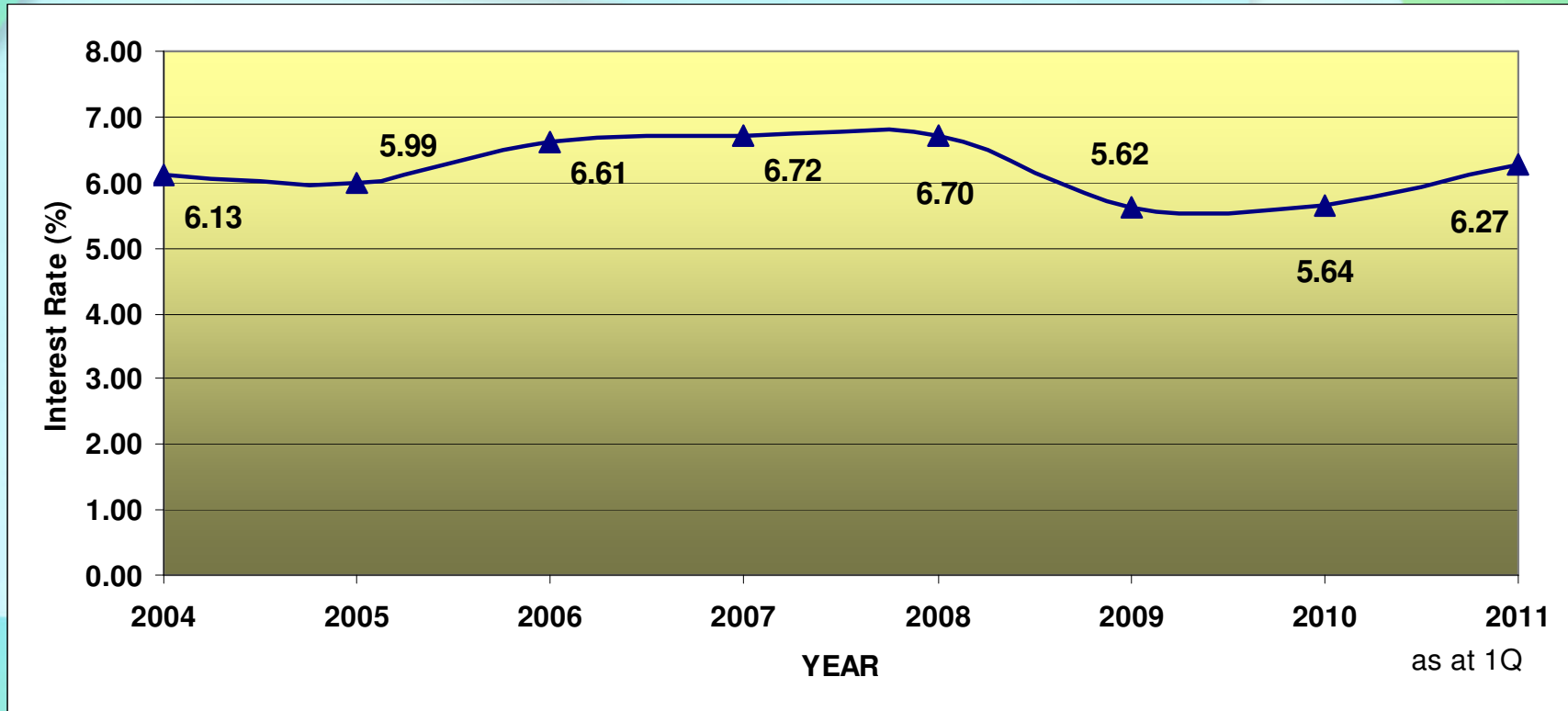
MALAYSIA KEY ECONOMIC INDICATORS

	2009	2010
Population	27.9 million	28.3 million
GDP	US\$ 147.8 billion	US\$ 166.8 billion
GDP Growth	-1.7%	7.2%
Per Capita Income	US\$ 6,764	US\$ 8,140
Inflation Rate	0.60%	1.7%
Labour Force	12.1 million	12.2 million
Unemployment	3.70%	3.20%
Total Export	US\$ 157 billion	US\$ 193 billion
Total Import	US\$ 123 billion	US\$ 160 billion
Major Exports	Electrical & Electronic products, palm oil & palm oil products, crude petroleum , liquefied natural gas, timber & timber based products and petroleum products.	
Major Imports	Electrical & Electronic products, petroleum products. Telecommunication equipments, copper and machines.	

Source : Annual Report Bank Negara Malaysia 2010



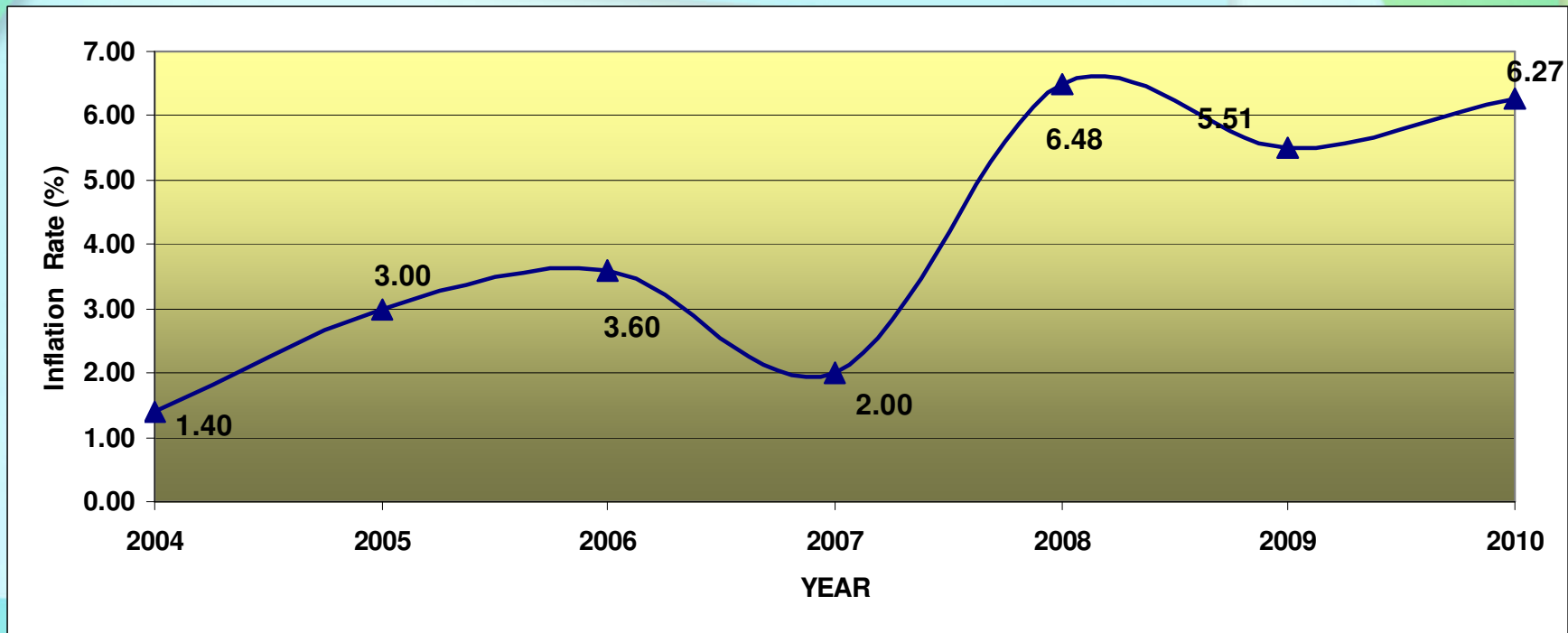
BANK INTEREST RATE 2004 - 2011



Source : Bank Negara Malaysia
Base Lending Rate



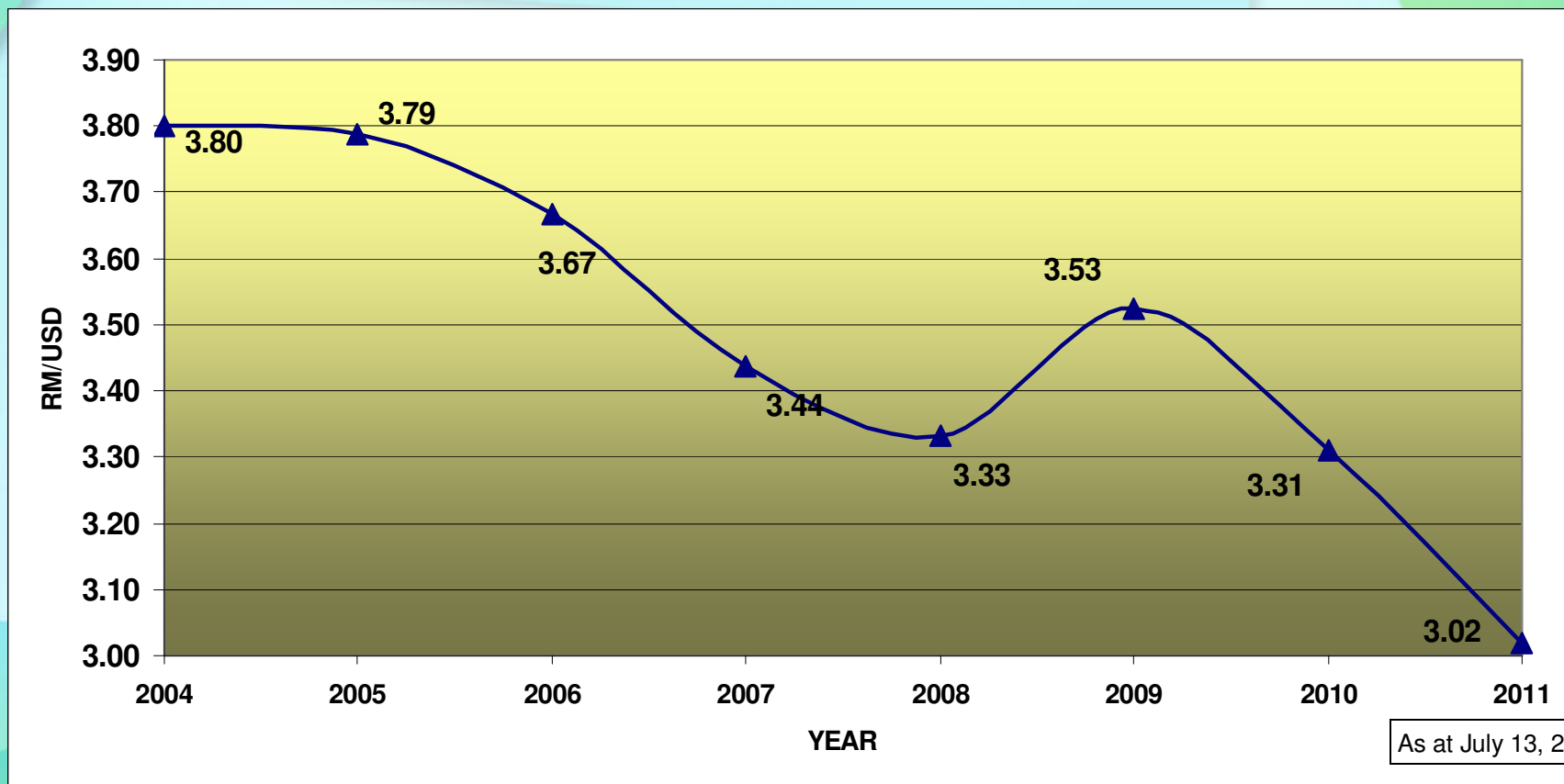
INFLATION RATE 2004 - 2010



Source : Bank Negara Malaysia



FOREIGN EXCHANGE RATE 2004 – 2011(RM/USD)



Source : Bank Negara Malaysia



ELECTRICITY AND NATURAL GAS PRICE

	2010	2011
Average electricity price	US\$ 0.09/kWh	US\$ 0.11/kWh
Natural Gas	US\$ 4.50/MMBtu	US\$ 5.35/MMBtu

CURRENT SCENARIO

- ❖ Launched of Economic Transformation Programme (ETP) on October 25, 2010-transform Malaysia into a high-income nation by 2020.
- ❖ Increase Gross National Income (GNI) per capita from USD6,700 to USD15,000 by 2020
- ❖ ETP focus on 12 National Key Economic Areas (NKEA) .
- ❖ The 12 NKEAs are ;Oil, Gas and Energy; Palm Oil; Financial Services; Tourism; Business Services; Electronics and Electrical; Wholesale and Retail; Education; Healthcare; Communications.



CURRENT SCENARIO

Construction Industry

- ❖ Construction industry is expected to rely more on private project in 2010-2011.
- ❖ The growth in construction industry was supported mainly by the civil engineering sub-sector and non-residential sub sector.
- ❖ Civil engineering sub-sector continued to grow with the implementation of infrastructure projects such as the new Low Cost Carrier Terminal (LCCT), Second Penang Bridge, double-track rail project and several highways.



CURRENT SCENARIO

❖ Promoting Green Technology

- Government is working in developing standards, certification scheme, labelling mechanism and green procurement manuals and procedures to enable the public and private sectors to embark on green purchasing which will be internationally recognised.
- The Green building Index, a rating tool to grade-environment-friendly buildings and the Government is providing fiscal incentives to buildings which are GBI-certifies.
- Green technology will be as an engine of growth to drive innovation and create employment in the country.



Malaysia's FTA Involvement

Highlights of FTA's

- ❖ Malaysia-New Zealand FTA- August 1, 2010
- ❖ Malaysia FTA negotiations with Chile and Indian were successfully concluded;
- ❖ Malaysia FTA negotiations with Turkey and EU commenced in 2010;
- ❖ Malaysia was accepted as a full negotiating partner in the Trans-Pacific Partnership Strategic Economic Partnership (TPP). Members of TPP are:-Australia, Brunei, Chile, New Zealand, Peru, Singapore, United States and Viet Nam

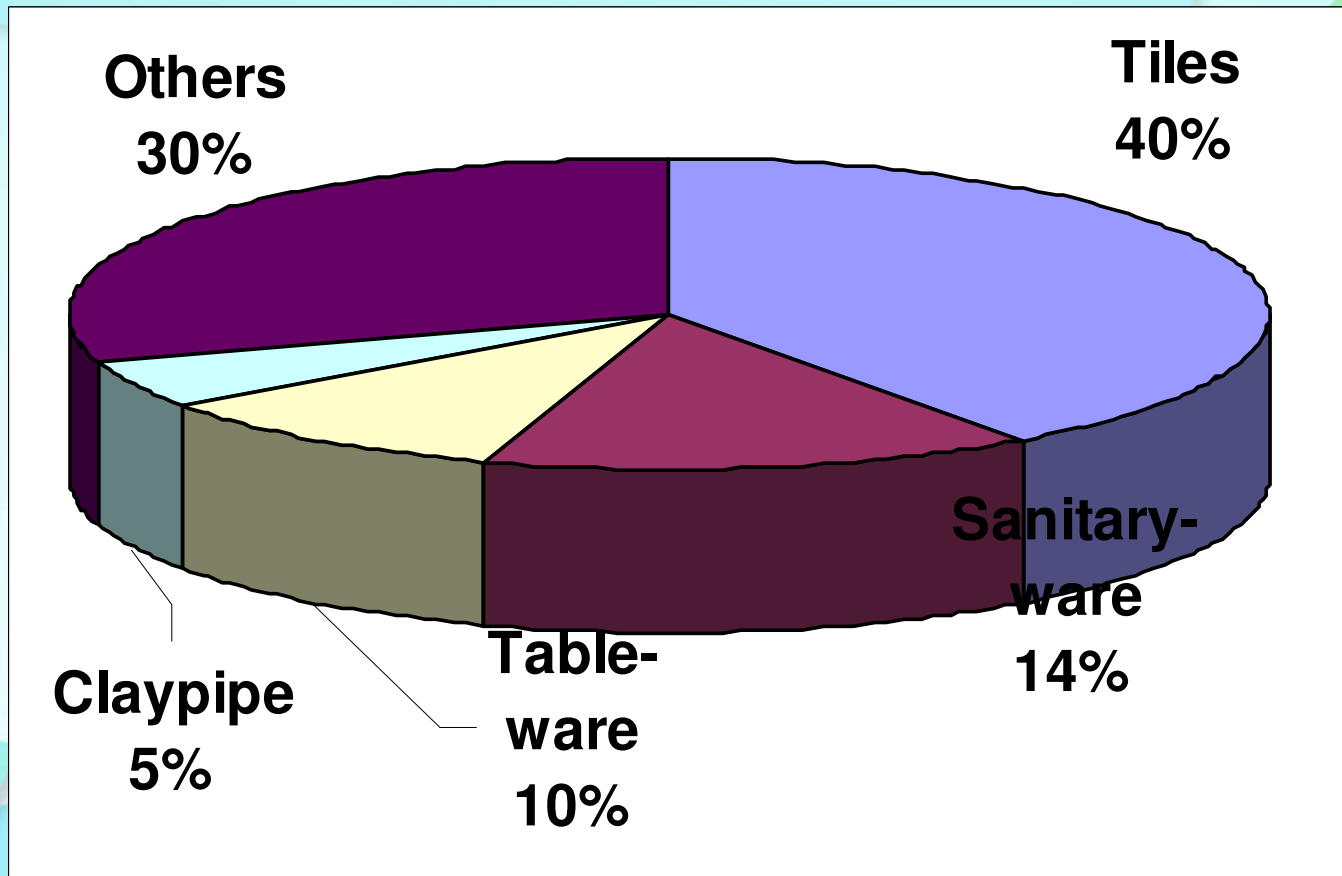




ABOUT

FMM MCIG

MEMBERSHIP STRUCTURE OF MCIG



➤ **Main sub-sectors are tile, sanitaryware, tableware, clay pipes and adhesive (Total: 20 members)**

FMM MCIG EXECUTIVE COMMITTEE

Chairman	YM Raja Dato' Abd Aziz b Raja Muda Musa	Johan Ceramics Bhd
Vice Chairman (I)	YBhg Puan Sri Maimon Arif Patail	Malaysian Mosaics Bhd
Vice Chairman (Ii)	Mr Ian Kok	Niro Ceramic Sdn Bhd
Hon. Secretary/ Treasurer	Mr Seow Kok Hooi	Guocera Tile Industries Sdn Bhd
<u>Sub-sector Coordinators</u>		
Tiles	Mr Alvin Loh	Kim Hin Industry Sdn Bhd
Sanitaryware	Mr Chan Kum Seng	Claytan Corporation Sdn Bhd
Tableware/ Artware	Mr Tan Chong Jen	Oriental Ceramic Sdn Bhd
Associate Members	Mr Michael Chong	Centricon Industrial Supplies S/B

Secretariat

FMM Malaysian Ceramic Industry Group (FMM MCIG)

c/o Federation of Malaysian Manufacturers, Wisma FMM, No 3 Persiaran Dagang, PJU 9 Bandar Sri

Damansara, 52200 Kuala Lumpur



FMM MCIG ACTIVITIES

- ❖ **Regular dialogues with the Government to address:**
 - Stability in energy supply at a competitive price
 - enforcement of Standards for ceramic tableware
 - Curtail the influx of sub-standard ceramic products into the domestic market

- ❖ **Training Malaysian Customs officials on the proper valuation and classification of imported ceramic products**

- ❖ **FMM MCIG continues to be recognised as the authoritative voice for the ceramics industry.**

CHALLENGES

Quality & Standard

- ◆ Mutual Recognition Agreement (MRA) are not adopted by some countries.
- ◆ Lack of enforcement/ regulation by authority on MS compliance
- ◆ Lack of awareness on quality/MS products amongst public.

Research & Development (R&D)

- ◆ Lack of R&D culture, human capital & facilities.
- ◆ Resistance of industry players to utilise latest construction technologies.

Non Tariff Barriers (NTB)

- ◆ Human rights/Corporate Social Responsibility (CSR)
- ◆ Environmental issue (Green issue)
- ◆ Bureaucracy in imposing trade remedies

CERAMIC INDUSTRY 2010

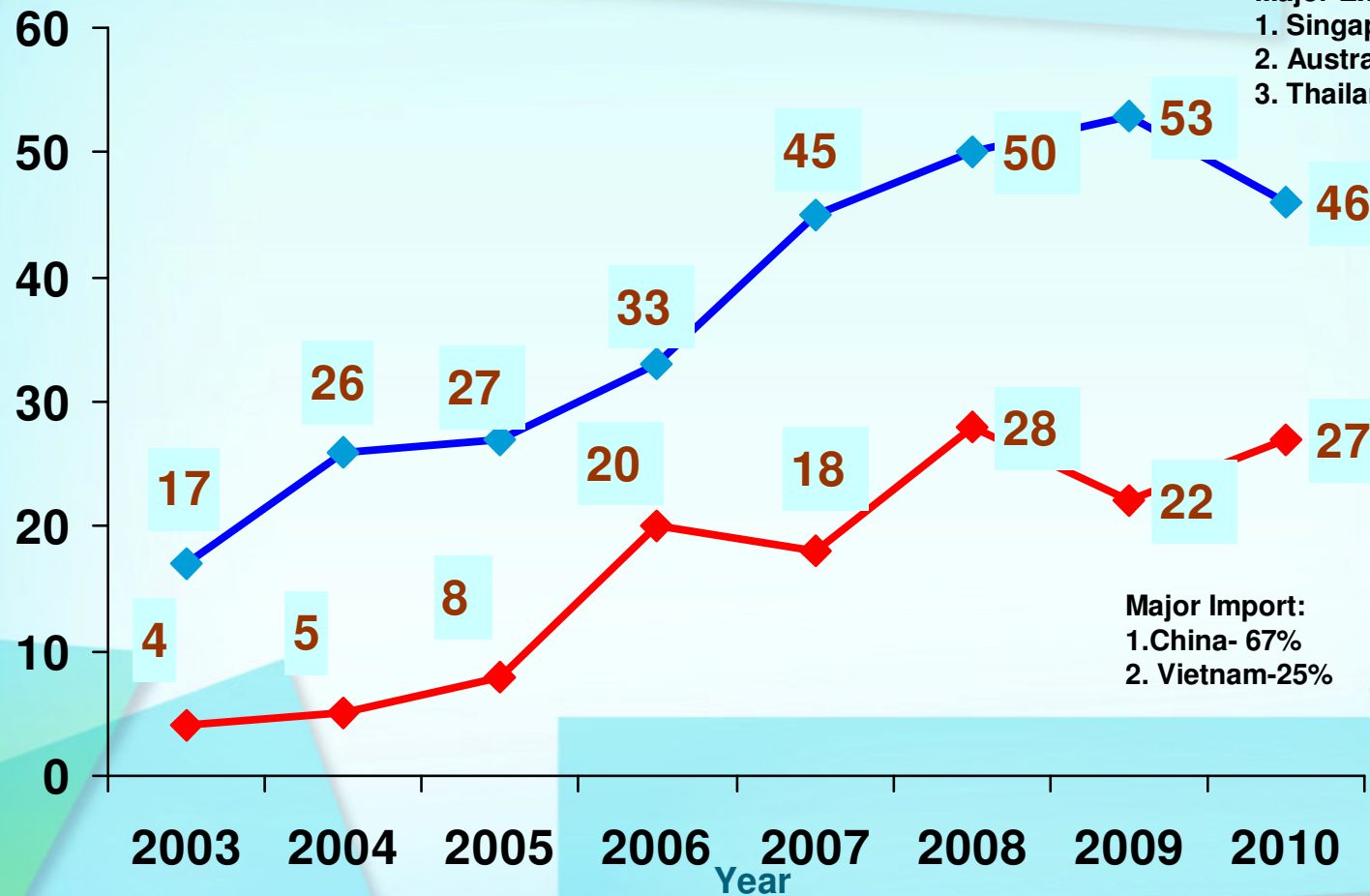
	Production	Domestic Market	Unit
Tiles	83.3 million	70.4 million	sqm
Sanitaryware	3.2 million	3 million	pcs
Tableware	17.4 million	21.8 million	pcs

Source : Department of Statistic & FMM MCIG



IMPORT & EXPORT VALUES OF 6907- UNGLAZED TILES

Million US\$



Major Export :
1. Singapore- 21%
2. Australia-10%
3. Thailand-8%

Major Import:
1.China- 67%
2. Vietnam-25%

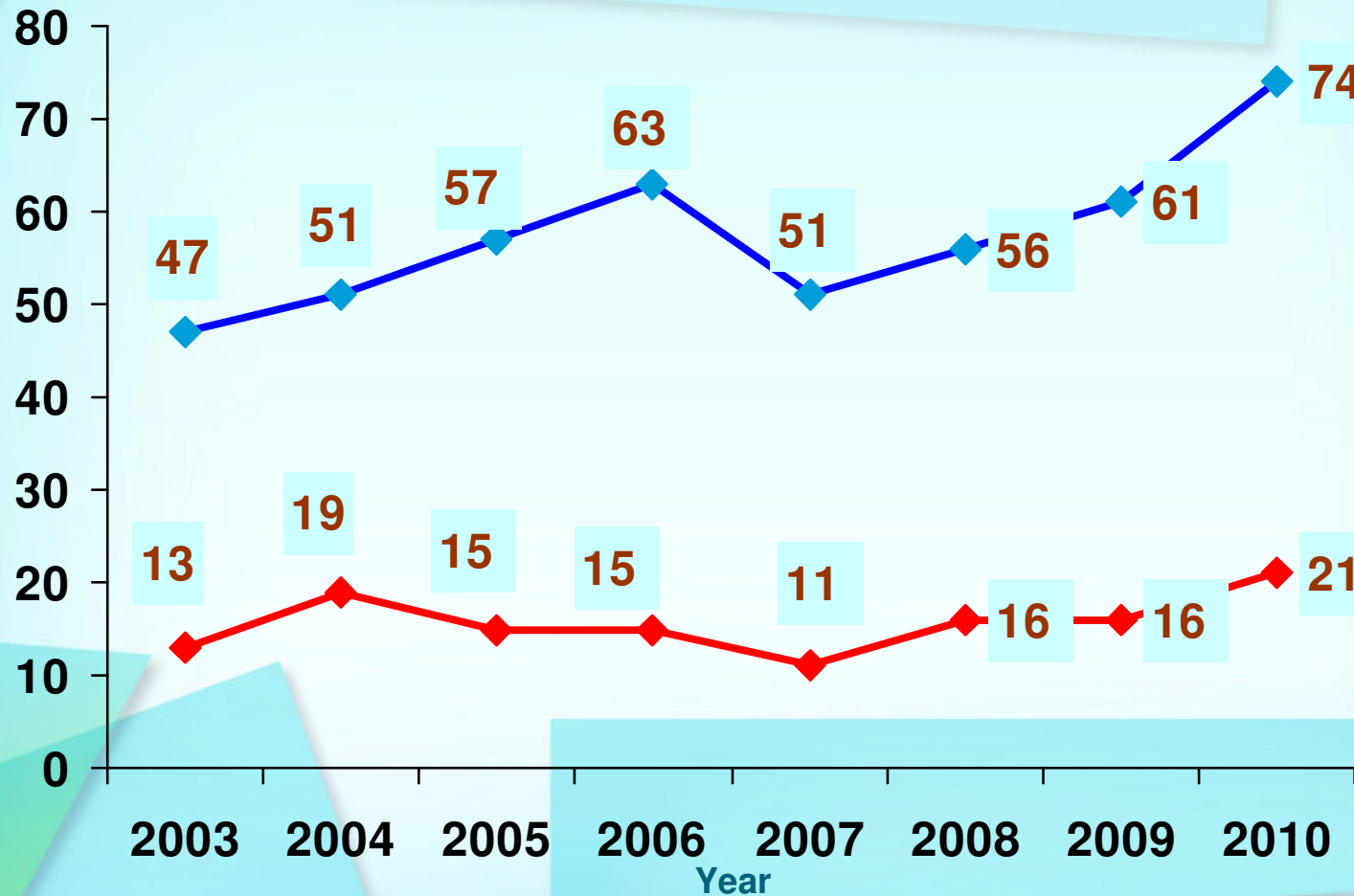
◆ Export Value ◆ Import Value

Source : Department of Statistic Malaysia



IMPORT & EXPORT VALUES OF 6908- GLAZED TILES

Million US\$



Major Export :
1. Australia-25%
2. Singapore-14%
3. United Kingdom-7%

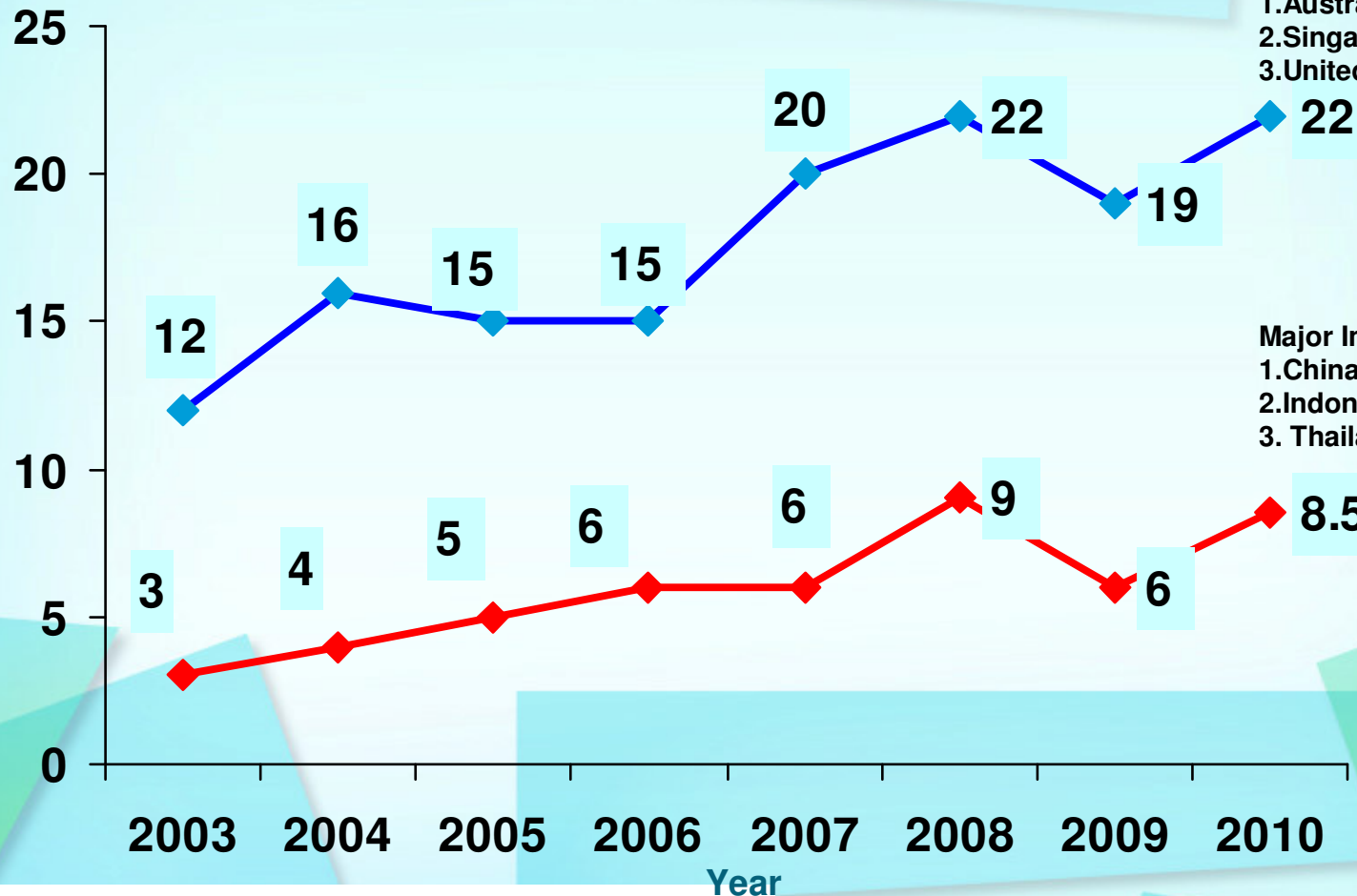
Major Import
1. Indonesia-48%
2. Thailand-31%
3. China-8%

◆ Export Value ◆ Import Value



IMPORT & EXPORT VALUES OF HS 6910-SANITARYWARE

Million US\$



Major Export
1. Australia-48%
2. Singapore-21%
3. United Kingdom-10%

Major Import :
1. China-70%
2. Indonesia-21%
3. Thailand-5%

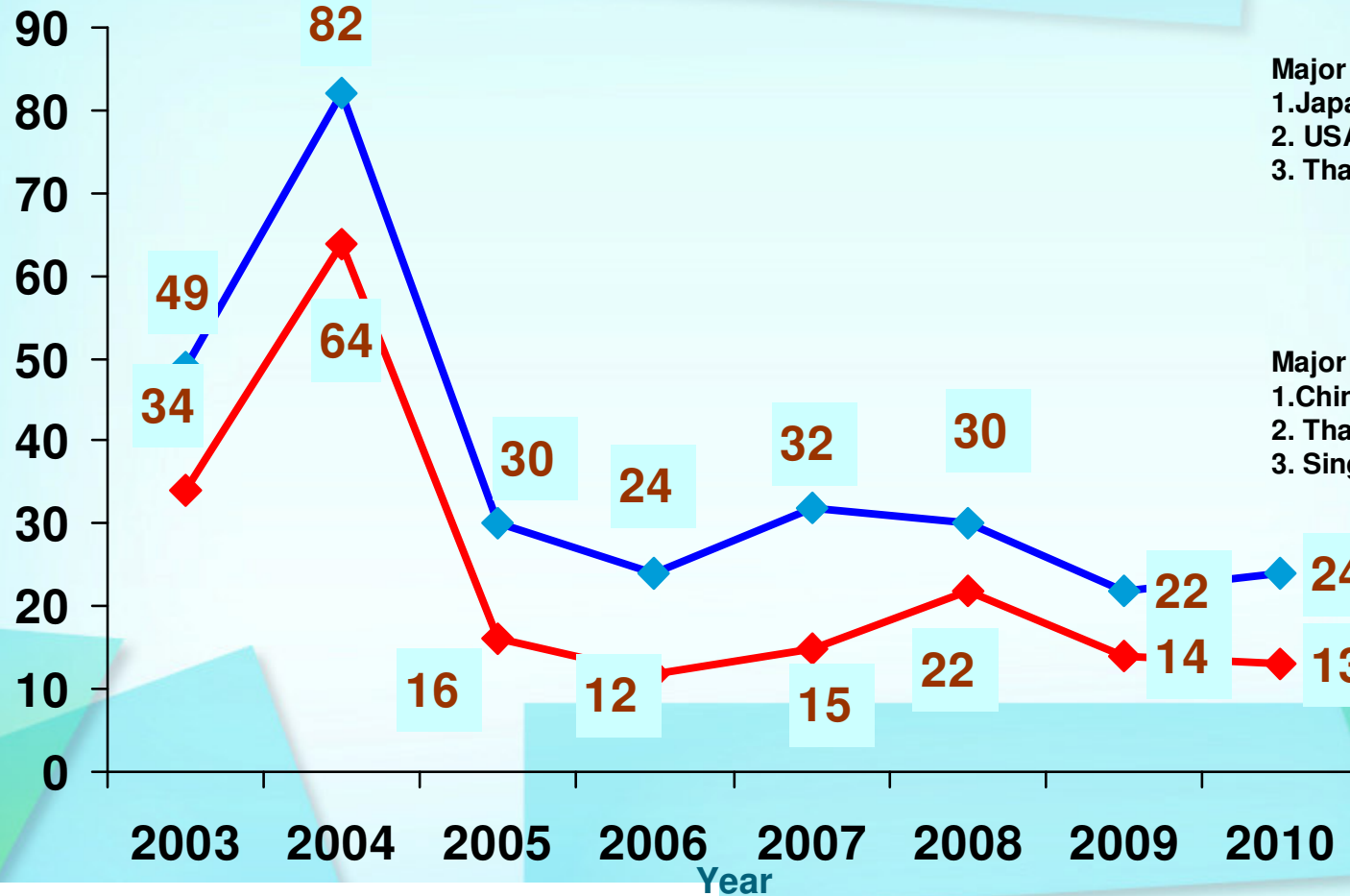
◆ Export Value ◆ Import Value

Source : Department of Statistic Malaysia



IMPORT & EXPORT VALUES OF 6911 & 6912-TABLEWARE

Million US\$



Major Export
1. Japan-20%
2. USA-10%
3. Thailand-14%

Major Import
1. China-77%
2. Thailand-5%
3. Singapore-3%

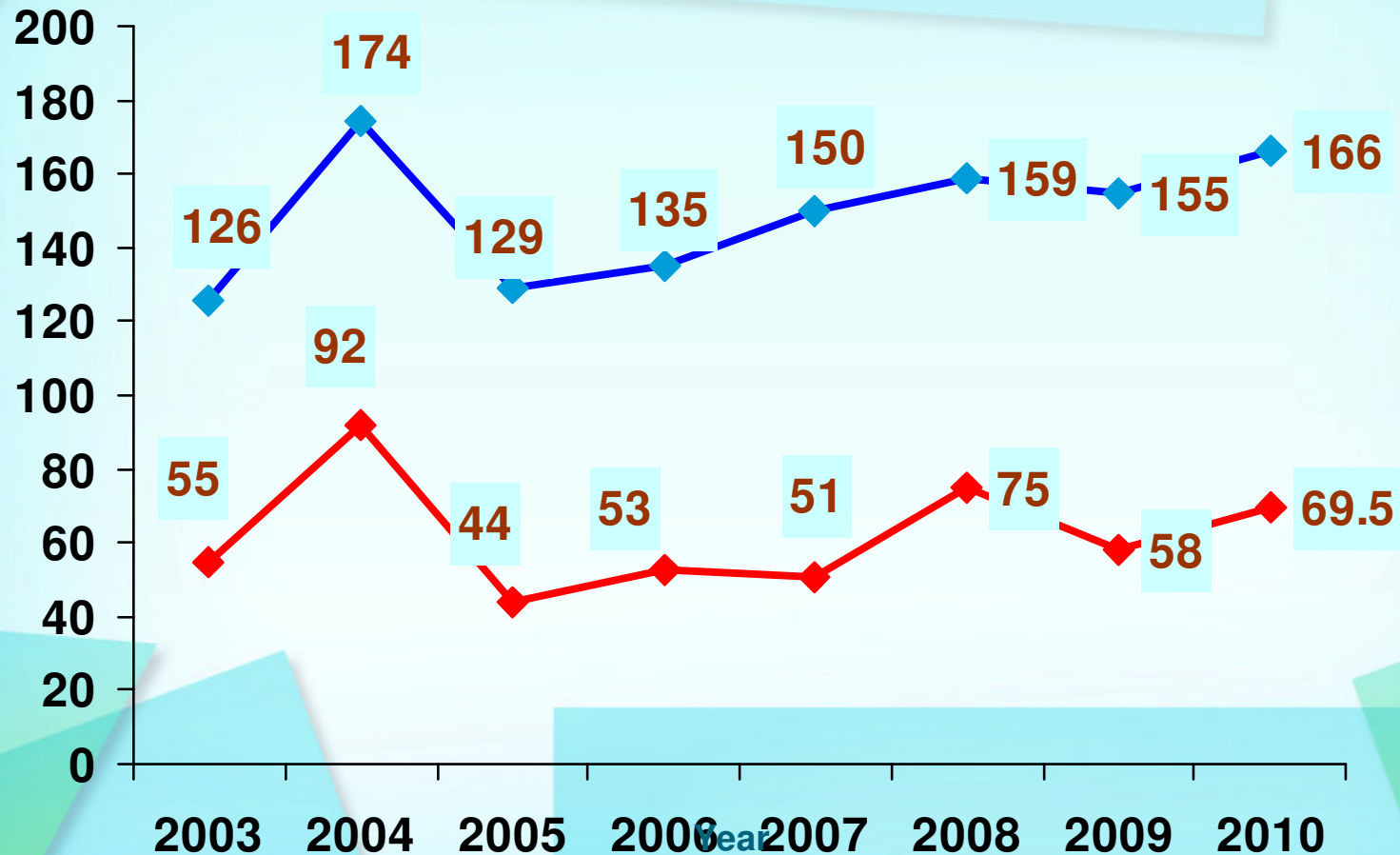
◆ Export Value ◆ Import Value

Source : Department of Statistic Malaysia



IMPORT & EXPORT VALUES OF 6907, 6908, 6910, 6911 & 6912

Million US\$



◆ Export Value ◆ Import Value

Source : Department of Statistic Malaysia

4 ceramic products group : Unglazed Tiles, Glazed tiles, tableware and Sanitaryware



Outlook for Ceramic Industry

- ❖ Introduction of affordable housing programme launched under a public-private initiative will boost the activities in the residential sub sector for 2011.
- ❖ Public expenditure on building and upgrading of schools, universities, hospitals and clinics under 10th Malaysian Plan will also provide positive outlook to the ceramic sector.
- ❖ The performance of the ceramic tiles sub-sector will continue to be sensitive to foreign exchange rate movements as well as raw materials and energy costs.



TERIMA KASIH

THANK YOU

