

## MISIF's Wish List for 2018

MISIF held three major events on 26 October 2017 at Sunway Resort Hotel & Spa. MISIF is truly encouraged with the strong support and record turn-out at the 2017 Trade Forum, launching of MISIF Directory 2017/18 and MISIF 2017 Steel Industry Annual Dinner.

In his welcoming remarks at the MISIF Trade Forum/Annual Dinner, MISIF President, Dato' Soh Thian Lai proposed the following MISIF wish list for the government's considerations:

- Two-year moratorium on no hike of energy tariffs (electricity and natural gas) and no change on minimum wage in view of the rising cost of doing business;
- Duty Drawback Mechanism should be reviewed;
- All new Manufacturing License (ML) applications involving induction furnace process or technology should not be allowed;
- The "Buy Malaysian Products First" policy, which has been in place for a long time, should continue to be

emphasized and promoted by the authorities;

- Minimum ten years corporate tax relief and or Investment Tax Allowance on merged value for steel businesses undergoing consolidation exercises (M&As, JVs);
- The Government to consider making IBS compulsory for both private and public construction;
- OBOR-related projects implemented in Malaysia should be made conditional for the developers to purchase at least 30% local steel products or any construction and infrastructure-related products.

Dato' Soh urged members to be prepared when the government's liberalization programme where the most favoured nation (MFN) import duties will be further reduced from the current 15% to 0%-10% at the beginning of 2020 for flat products. The message for all is very clear: time is running short and we have to start making the



necessary changes now to prepare for an even greater competition and challenges ahead. Otherwise, we will be driven out of business.

MISIF is confident that the many challenges and competitions ahead will galvanize MISIF members and all benevolent stakeholders to continue working as a team as we move towards a brighter and sustainable future for the local steel industry. With the full commitment, active participation and sincere contributions from all parties, MISIF members will be successful in their endeavours.

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## MISIF 2017 Trade Forum

MISIF organized a half day Trade Forum themed "The Status, Challenges and Opportunities for the Malaysian Iron and Steel Industry" on 26 October 2017 at Sunway Resort Hotel & Spa, Bandar Sunway, Petaling Jaya, Selangor.

Deputy Minister (Trade) of International Trade and Industry (MITI), Datuk Chua Tee Yong officiated the forum and launched the 14<sup>th</sup> edition of the MISIF Directory 2017/18.

Datuk Chua in his speech urged the industry players to keep pace with the latest megatrends and advancement of technologies as well as the emergence of new business models that could potentially disrupt traditional markets.

In times when the industry was facing less serious challenges than before, Datuk Chua would like the domestic iron and steel industry to innovate and plan for the future. Datuk Chua informed that global businesses and value chains were beginning to embrace changes in business models in order to survive. The Government had always urged the industry to move up the value chain and produce higher grade materials or specialty steel to cater for the catalytic sectors namely chemicals, electrical & electronics (E&E) and machinery & equipment (M&E) as well as two other potential growth areas; medical devices and aerospace subsectors. Thus, Datuk Chua viewed that it was vital for local players to either consolidate to remain competitive and resilient to these industrial changes or to engage with strategic partners to have technology transfers and process improvements.

The Deputy Minister also informed that the Government had liberalised the industry as early as 2009 to encourage higher value-added activities and competitiveness in the entire value chain. Several policy adjustments and liberalisations were in place to provide certainty for all players in the manufacturing value chain – upstream, midstream and downstream as well as other users in the manufacturing sector that uses steel as their raw materials. Therefore, Datuk Chua said that MISIF must assume a greater role in promoting better integration along the value chains to ensure that all players remain competitive and relevant in the industry.

To benefit from this liberalisation effort, Datuk Chua said that local steel players should also take advantage of the various Free Trade Agreements (FTAs) that the Government had signed. ASEAN in particular would serve as an important regional market, whereby all ASEAN Member States were committed to deepening economic integration to benefit more than 600 million strong ASEAN population.

Datuk Chua therefore urged the domestic steel producers to take advantage from these FTAs and explore opportunities that were available in the regional and international markets. Datuk Chua also recommended MISIF to engage MATRADE in promoting Malaysian steel which meets various Malaysian and International Standards. Therefore, Datuk Chua viewed that the launching of the 14<sup>th</sup> Edition of the MISIF Directory 2017/2018 was in fact timely for the local industry to promote Malaysian-made steel domestically and abroad.

Dr. Nae Hee Han, Director, Economic Studies and Statistics, World Steel Association (WSA) presented the keynote speech on "Global Steel Market Outlook 2017/18 and Challenges Ahead" at the forum.

The papers presented at the forum were as follows:

- "Updates on the Performance of the ASEAN Steel Industry and Outlook" by Mr. Tan Ah Yong, Secretary General, South East Asia Iron and Steel Institute (SEAISI);
- "Performance of the Malaysian Iron and Steel Industry in 2016 and Outlook" by Mr. Frank Mizuno;
- "Developments and Opportunities in the Malaysian Construction Industry" by En. Sazali Che Amat, General Manager, Construction Materials Division, Construction Industry Development Board Malaysia (CIDB).

The CEO Panel Discussion concluded the



Datuk Chua Tee Yong receiving a copy the MISIF Directory 2017/18 from MISIF President Dato' Soh Thian Lai. With them are MISIF Deputy Presidents Dato' Lim Hong Thy and En. Azlan Abdullah.



Over 220 participants attended the forum to gather an update on the status, challenges and aspirations of the domestic steel industry and to exchange ideas on how best to further promote the growth of the industry in the coming years



En. Azlan Abdullah (far left) moderated the CEO Panel Discussion consisted of En. Sazali Che Amat, Dr. Nae Hee Han, Datuk N. Rajendran (Deputy Chief Executive Officer, Manufacturing and Services Development II, Malaysian Investment Development Authority (MIDA), Dato' Lim Hong Thy and Mr. Jarrod Lim (Chief Executive Officer of Malaysia Steel Institute (MSI))

forum and the panels shared their candid viewpoints on three key areas, namely:

- Government's emphasis on "Buy Locally Manufactured Steel Products";
- Industry Consolidation and;
- Export Competitiveness/ Opportunities.

## MISIF 2017 Steel Industry Annual Dinner

MISIF celebrated the 2017 Steel Industry Annual Dinner on 26 October 2017 in the Sunway Resort Hotel & Spa, Bandar Sunway, Petaling Jaya, Selangor. YB Dato' Seri Ong Ka Chuan, the Second Minister of the Ministry of International Trade and Industry was the Guest-of-Honour.

Over 610 guests (including senior officials from government ministries, agencies and leaders of industry associations) and members of the steel community attended this premier function.

Dato' Seri Ong Ka Chuan in his speech informed that although the Government was committed to liberalising the industry and providing a level playing field for higher-value added activities, the Government would continue to provide an oversight in terms of rules and regulations for the industry to remain competitive.

In addressing China's domestic supply-side reforms in the steel and coal industries, Dato' Sri Ong informed that the Government of China was encouraging mergers and acquisitions to enhance competitiveness through rationalisation of product varieties, talent redeployment, technology upgrading and effective funds channelling for better return on investment. However, he informed that the Chinese government did not provide any tax incentives for these mergers and acquisitions, and companies voluntarily do so to remain relevant and more competitive in the sector. At the same time, companies were also constantly reminded to innovate and apply technology to perfect their production, as well as develop new products.

Dato' Seri Ong further informed that it was along these lines that the Malaysian Government continued to urge the industry to consider consolidation, upgrade and innovate through mergers and acquisitions, as well as through joint-ventures and partnerships with key technology players or providers. To facilitate this sort of arrangements, he said that the Government was considering some form of incentives based on the study and recommendations done by MSI and MIDA recently. Dato' Seri Ong hoped once finalised, there would be consolidation proposals from the industry players which was an essential part of the industry reform programme.

As there were recurring complaints on the inability of Malaysian steel makers to supply high grade products, Dato' Seri Ong called upon the Malaysia Steel Institute (MSI) to conduct a study on local steelmaking capabilities to identify the gaps that prevent the industry from supplying high-grade and high value-added steel to other manufacturing sectors.

Dato' Seri Ong wished to see the iron and steel players adopt the new megatrend, and apply new technologies that were very much related to steelmaking facilities such as predictive maintenance, product quality and testing and overall process control in the steelmaking plants. He requested MSI to work closely with MISIF and other government related agencies such as the Malaysia Automotive Institute (MAI), the Malaysian Industry-Government Group for High Technology (MIGHT), the Collaborative Research in Engineering, Science & Technology (CREST) and others to promote industry linkages.

MISIF wishes to take the opportunity to acknowledge the contributions of key sponsors for the Trade Forum, and also towards the publication of the MISIF Directory 2017/18 and the MISIF Annual Dinner. Our heartfelt thanks goes to the following:

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Joining the occasion for the cake cutting ceremony from left are Dato' Lim Hong Thye, Mr. Nge Kwan Min, En. Azlan Abdullah, Dato' Seri Ong Ka Chuan, Dato' & Datin Soh Thian Lai.



Representatives of company sponsors with their souvenir plaques and the Second MITI Minister



MISIF annual dinners had always be an excellent occasion to get together and renew business contacts as well as to enhance networking opportunities.



Mr. Subash Bose Pillai of MSI (far right) is the lucky grand prize winner of an Apple Watch Series 2.42 mm sponsored by Leader Steel Sdn Bhd. With him from left are Mr. Frankie Wee (MISIF CEO), the second and third prize lucky draw winners and Dato' Nik Rahmat Nik Taib, Deputy Secretary General (Industry) of MITI.

## Congratulations!

Following the 49<sup>th</sup> Annual General Meeting of the Federation of Malaysian Manufacturers (FMM) on 27 November, 2017, Dato' Soh Thian Lai was elected as the new president by the FMM Council for 2017/2018. Dato' Soh takes over from Tan Sri Dr. Lim Wee Chai as FMM President. We wish to extend our heartiest congratulations and best wishes to Dato' Soh Thian Lai (MISIF President) during his presidency of FMM.

## 2017 ASEAN Iron and Steel Sustainability Forum

The South East Asia Iron and Steel Institute (SEAISI) successfully organized the 2017 ASEAN Iron and Steel Sustainability Forum in Manila, Philippines from 27 to 28 November 2017. The event was attended by a record 230 delegates from about 20 countries.

Prior to the forum, the following meetings of the ASEAN Iron and Steel Council (AISC) and SEAISI were held and attended by MISIF representatives:

- 15<sup>th</sup> Trade Promotions and Relations Committee (TPRCO) and 17<sup>th</sup> ASEAN Iron and Steel Council meetings (25 November 2017);
- 92<sup>nd</sup> Technical Committee and 29<sup>th</sup> Environmental and Safety Committee meetings (25 November 2017);
- Sub-committee meeting on Steel Applications in Construction Sector (26 November 2017);
- 97<sup>th</sup> SEAISI Board of Directors meeting (26 November 2017).



AISC meeting in progress. Deputy President, Dato' Lim Hong Thye (third from left) represented MISIF at the meeting.

The AISC- KOSA Steel Dialogue was also held on 25 November 2017.

The ASEAN-China Steel Dialogue between government and industry representatives from ASEAN and China has been scheduled on 30 March 2018 in China.

The Myanmar Iron and Steel Association (MISA) is expected to be officially registered by end 2017. Following this registration, MISA is likely to join as country member of SEAISI next year.

The 2018 SEAISI Conference will be held in Jakarta, Indonesia (25-28 June 2018) while the 2018 ASEAN Iron and Steel Sustainability Forum will be held in Ho Chi Minh City, Vietnam (dates yet to be decided).

## MISIF-PKA Dialogue

As a follow-up to the MISIF-Selangor Customs Dialogue held on 9 August 2017, MISIF held a dialogue session with Port Klang Authority (PKA) on 22 November 2017 to raise the issue on imports of iron and steel products through the ports under the jurisdiction of PKA, the administration of imports/re-exports/transshipment via ports (including those located at FTZs), data management and measures to detect and prevent circumvention activities.

The session was held at PKA premises and chaired by Captain K. Subramaniam, PKA General Manager with the attendance of senior officers from both Northport and Westport terminals.

MISIF Vice President, Mr. Mark Lim led an 18-member delegation to the dialogue.



MISIF representatives with officers from PKA and Northport and Westport terminals.

## MISIF Launches 2017/18 Directory

To assist member companies to broaden their market bases, especially in companies' bid to supply to major infrastructural and other projects within the country and overseas, MISIF has published an updated version of the directory for 2017/18.

Published since 1990, the MISIF Directory has, through the years, become a valuable reference source for business information and opportunities to promote the product and services of MISIF members.

Whilst this development has indeed been gratifying, it has made it necessary for MISIF to maintain the quality and credibility of the contents of the directory. As with previous editions, we have attempted to update all the profiles of MISIF member companies as well as write-ups on the latest performance of the industry. The publication of MISIF Directory 2017/18 will further support the promotion of the "Buy-Made-in-Malaysia Products and Services", showcasing the capabilities and other useful information of MISIF member companies.

To purchase copies of the MISIF Directory 2017/18 and 12<sup>th</sup> Report on Status and Outlook of the Malaysian Iron and Steel Industry, kindly call the MISIF Secretariat at 03-55133970.

