Trade Policy Review of Malaysia
(First Session on 8 February 2023)

Statement by Hong Kong, China

- I would start by extending a warm welcome to the delegation of Malaysia led by Datuk Isham Ishak, Secretary General of its Ministry of International Trade and Industry. I would also like to thank the Discussant Ambassador Alparslan Acarsoy of Türkiye for his insightful remarks, and the Secretariat for the comprehensive report. I would take the opportunity to join others in expressing my sincere condolence to the People of Türkiye for their losses in the natural disaster that happened earlier this week.

- Hong Kong, China (HKC) and Malaysia have long been enjoying harmonious bilateral trade and economic relations. In 2021, Malaysia was Hong Kong's 9th largest partner in merchandise trade and the 11th largest partner in services trade. On the other hand, Hong Kong was Malaysia's 6th largest trading partner and the 4th largest export market.

- Our bilateral trade in goods amounted to US$26.5 billion in 2021, a year-on-year 5% growth despite the global downturn brought by the COVID-19 pandemic. And with the easing of the pandemic situation, a further 12.4% growth was recorded in the first three quarters of 2022.

- Meanwhile, the ASEAN-HKC Free Trade Agreement and the related Investment Agreement have entered into force in full since February 2021. We look forward to further strengthening our economic ties with ASEAN, including Malaysia, by facilitating two-way flows of goods, services and investment.

- We have the following observations on Malaysia's trade policy regime.

- First, we are glad to note that Malaysia has fully implemented the Agreement on **Trade Facilitation** since June 2021 and fulfilled its transparency obligations. We are encouraged by Malaysia's continued efforts to streamline its fully automated customs procedures through its National Single Window.

- On **tariff**, we appreciate that almost all of Malaysia's tariff lines carry ad valorem rates and around 80% of them are bounded. The simple average applied tariff rate was reduced from 7.5% in 2017 to 7.1% in 2022. However, we note that Malaysia is still applying non-ad valorem duties for 119 tariff lines of agricultural products and that there is apparently escalation in the tariff structure: the average tariff rates are 3.5% on raw materials, 6.3% on semi-processed products and 8.7% on fully processed goods. We would encourage Malaysia to continue to enhance its tariff regime by converting the non-ad valorem rates to ad valorem ones and reducing its tariff escalation.

- On **agriculture**, we notice that Malaysia has been providing various forms of support for the purposes of encouraging the use of technology and adopting sustainable practices. To facilitate Members' review of such support measures, we would encourage Malaysia to provide its outstanding notifications to the Committee on Agriculture as soon as possible.

- On **services**, we are glad to see that, notwithstanding the impact brought about by the COVID-19 pandemic, the telecommunications, finance, and insurance services sectors in Malaysia continued to grow robustly. We would encourage Malaysia to consider further liberalising its services trade regime for foreign investment, for instance, by removing or reducing foreign equity limitations in other services sectors such as tourism and maritime transport.

- Malaysia has always been a valuable trade partner of Hong Kong, China, and our ties go far beyond just trade, we look forward to enhancing our bilateral ties and cooperation in all areas. Lastly, we thank Malaysia for their answers to our written questions and we are now studying them internally. I wish Malaysia a fruitful and successful trade policy review.

Hong Kong Economic and Trade Office in Geneva
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