

Miti implements two-year moratorium to update direction of iron, steel industry

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KUALA LUMPUR (Nov 14): The Ministry of Investment, Trade and Industry (Miti) has implemented a two-year moratorium, beginning Aug 15, 2023, to allow for reassessments to address the challenges faced by the local iron and steel industry and update the industry's direction in line with the New Industrial Master Plan (NIMP) 2030.

Deputy Minister Liew Chin Tong said the temporary suspension covered all inquiries, assessments of current applications, new applications, licence transfers, expansions, regularisation and diversification for manufacturing licence as well as the issuance of certificates for exemption from manufacturing licence (ICA10) under the Industrial Co-ordination Act 1975 (Act 156) for manufacturing activities in the iron and steel industry, including non-ferrous recycling activities.

"However, if there are manufacturing licence applications that support the NIMP 2030 agenda, applications can be considered for exemption from the moratorium.

"This includes projects for the production of complex iron and steel products with high added value and equipped with low-carbon/carbon reduction technologies such as carbon capture, utilisation and storage (CCUS) that support the missions and aspirations of NIMP 2030," he said when winding up the committee-level debate on the Supply Bill 2024 for his ministry at the Dewan Rakyat on Tuesday.

He said any new manufacturing licence applications would also be evaluated based on 12 parameters set under NIMP 2030.

Nevertheless, he said further details on the assessment criteria are still being ironed out by the government at the moment.

Meanwhile, Liew said the capacity of iron and steel in Southeast Asia is expected to increase and the Malaysian Government needed to discuss with China and other countries in the region to address the significant excess capacity faced by the regional steel industry.

“Last year, the total capacity of iron and steel in China was one billion tonnes but only 900 million tonnes were used because China faces excess capacity of iron and steel and there are also conditions where the construction sector in China experiences a downturn.

“In Southeast Asia, the capacity of iron and steel in 2021 was 75 million tonnes but in 2026, the total capacity of steel and iron is expected to increase twofold to 150 million tonnes,” he said.

On Miti’s approach for local companies to enter the export market more systematically, Liew said the ministry through the Malaysia External Trade Development Corporation (Matrade) took the development of exporting companies seriously, especially micro, small and medium enterprises (MSME) to venture into the export market.

He said the approach’s objective is to increase exports to markets under free trade agreements (FTA) such as the Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

“The government will hold discussions with other countries that we don’t have FTA with, including the Europe and United Arab Emirates (UAE),” he said.

He said the government-to-government (G2G) approach is crucial in the development of the semiconductor industry, which is seen as a strategic industry.

“Last week, the Prime Minister of the Netherlands visited Vietnam and Malaysia with 25 business entrepreneurs involved in the semiconductor and technology industry.

“As a result of the meeting on Nov 1, 2023, a G2G dialogue on the semiconductor sector between Malaysia and the Netherlands will be established,” he said.