

## Iron Steel Industry Policy

The review of the iron and steel policy has been outlined under the strategic thrusts of the Industrial Master Plan 3 (2006-2020). With the objective to enhance the competitiveness of the local industry as well as support the growth of the manufacturing and construction sectors, the government has agreed to implement the revised policy of iron and steel industry effective from 1 August 2009. The revised policy of iron and steel industry has identified the broad areas of policy changes for the future development of the industry and mainly covers:

- i. Manufacturing Licence
  - o New manufacturing licences for iron and steel products are issued without restrictions.
  
- ii. Import and Export Licences (AP)
  - o Free issuance of import and export licences (AP) is continued for monitoring and data collection purposes.
  - o Import control for Hot Rolled Coils (HRC), Cold Rolled Coils (CRC) and Electro Galvanised Iron (EGI) through fixing the ratio between locally sourced and imported products has been abolished.
  
- iii. Reduction in Import Duty
  - o Import duty for long products has been reduced to 10% effective on 1 August 2009 and 5% in 1 January 2010 and for subsequent years.
  - o Import duty for flat products has been reduced to 25% effective on 1 August 2009 and the rates will be further reduced between 0 to 10% in 2018.
  
- iv. Import Duty Exemption

- Import duty exemption are given for imports of flat products based on the following conditions:
  - raw materials used for the production of finished goods for export market;
  - products for which grades and specifications are not produced locally; and
  - products used as raw material to produce nil duty finished goods.
- Import duty exemption is given to Steel Service Centres for products which grades and specifications are not produced locally.
- Import duty exemption for seven selected sectors has been abolished.
- Traders are not eligible for duty exemption for imports of flat products.

v. Abolishment of HRC base price

- The Government has also decided that the determination of HRC base price implemented by MITI be abolished. HRC price are determined based on domestic and international market forces.

vi. Implementation of Mandatory Standards for Imported and Locally Produced Products

- The implementation of mandatory standards on selected steel products since 2003 is to ensure only products of acceptable quality (safety, health, and environment) are imported or locally produced as well as to ensure manufactured products are high quality aligned to the international standards.
- Effective 1 August 2009, the Government has agreed to implement mandatory standards for all iron and steel products enforced by CIBD for construction products and SIRIM QAS International for non-construction products.
- Since the implementation of mandatory standards on 1 August 2009, the Ministry has received feedbacks from various groups of importers and the Ministry has agreed on the following temporary measures:
- Temporary exemption from the requirement for Certificate of Approval (COA) for clearance of goods imported at all Customs entry points effective from 13 August 2009 until 12 October 2009. This is to facilitate the backlogs at all Customs entry points.

- this temporary exemption excludes the requirement of COA for the 57 tariff lines that were made effective on 15 November 2008.
  - After a series of extensive consultation with the industry including associations, manufacturers, traders, freight forwarders and foreign associations in Malaysia, the Government has agreed to re-enforced the implementation of mandatory standards on iron and steel products effective 13 October 2009.
  - The enforcement will be based on the revised list of 187 tariff lines of iron and steel products include intermediate raw materials such as hot rolled coils (HRC), cold rolled coils (CRC), steel bars, billet, sections, wire rods, pipes and tubes, scaffolding, sheet piles, rails and manhole covers.
- vii. The areas of policy review of iron and steel industry are currently adequate for further development of the local industry. However, the Government is ready to discuss any proposals from the industry in order to enhance industry competitiveness.