APPENDIX 1 TO ANNEX XVIII

REFERRED TO IN ARTICLE 8.4 (RESERVATIONS)

RESERVATIONS BY MALAYSIA

LIST A

EXPLANATORY NOTES / HEADNOTE

- 1. This List sets out, pursuant to Article 8.4 (Reservations), Malaysia's existing measures that are not subject to Article 8.3 (National Treatment).
- 2. Each entry in this List sets out the following elements:
 - (a) Sector refers to the sector for which the entry is made;
 - (b) Subsector, where referenced, refers to the specific subsector for which the entry is made;
 - (c) Level of Government indicates the level of government (central, regional or local) maintaining the listed measures;
 - (d) Description sets out the non-conforming measure for which the entry is made; and
 - (e) Measures identifies the laws, regulations, or other measures, for which the entry is made.

A measure cited in the Measures element:

- (i) means the measure as amended, continued, or renewed, and
- (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure.
- 3. In accordance with Article 8.4 (Reservations) Article 8.3 (National Treatment) does not apply to the non-conforming measure identified in the Description element of that entry.
- 4. The Schedules of other Parties shall not be used to interpret Malaysia's commitments or obligations under Chapter 8 (Investment), or other Chapters of the Agreement.

MALAYSIA

A.1.

Sector:	All
Subsector:	-
Level of Government:	Central and Regional
Description:	Only Malaysian nationals or permanent residents can register a sole proprietorship or partnership in Malaysia. Foreigners can register a Limited Liability Partnership (LLP), but the compliance officer shall be a citizen or permanent resident of Malaysia that resides in Malaysia. Foreigners are not allowed to establish or join cooperative societies in Malaysia.
Measures / Source:	Registration of Businesses Act 1956 [Act 197] Limited Liability Partnerships Act 2012 [Act 743] Co-operative Societies Act 1993 [Act 502] Business Names Ordinance 1932 [Sarawak Cap. 64] (1958 Edition) Business, Professions and Trade Licensing Ordinance 1955 [Sarawak Cap. 33] (1958 Edition) Trades Licensing Ordinance (Sabah Cap. 144) Companies Act 2016 [Act 777] General Guidelines for Registration of Limited Liability Partnership

A.2.

Sector:	All
Subsector:	-
Level of Government:	Central
Description:	At least one director of a private company incorporated in Malaysia shall ordinarily reside in Malaysia by having a principal place of residence in Malaysia. At least two directors of a public company incorporated in Malaysia shall ordinarily reside in Malaysia by having a principal place of residence in Malaysia.
Measures / Source:	Companies Act 2016 [Act 777]

A.3.

Sector:	Manufacturing
Subsector:	-
Level of Government:	Central
Description:	1. Foreign equity is limited up to 49 per cent for investment in the manufacture or assembly of motor vehicles. However, no foreign equity restrictions are imposed on the following categories: (a) luxury passenger vehicles with engine
	capacity of 1,800 c.c. and above and on the road price not less than RM150,000;
	(b) pick-up trucks and commercial vehicles;
	(c) hybrid and electric vehicles; and
	(d) motorcycles with engine capacity of 200 c.c. and above.
	2. Foreign equity is limited up to 30 per cent for the manufacture of batik fabric and apparel of batik.
Measures / Source:	Industrial Co-ordination Act 1975 [Act 156] Administrative Guidelines

A.4.

Sector:	Marine Capture Fisheries
Subsector:	-
Level of Government:	Central and Regional
Description:	No foreign fishing vessel shall load or unload any fish, fuel or supplies or tranship any fish, or fish or attempt to fish, or conduct any techno-economic research or waters survey of any fishery, in Malaysian fisheries waters unless authorised to do so.
	An application for a licence or a permit to be issued in respect of a foreign fishing vessel to fish in Malaysian fisheries waters shall be made through a Malaysian agent who shall undertake legal and financial responsibility for the activities to be carried out by such vessel.
	Fishing vessel means any boat, craft, ship or other vessel which is used for, equipped to be used for, or of a type used for:
	(a) fishing; or
	(b) aiding or assisting another boat, craft, ship or other vessel in the performance of any activity related to fishing, including any of the activities of preparation, processing, refrigeration, storage, supply or transportation of fish.
Measures / Source:	Fisheries Act 1985 [Act 317]

A.5.

Subsector: Level of Government: Central and Regional Description: No person, other than a supply authority, is authorised supply, use, work or operate any installation relating	ector:
Description: No person, other than a supply authority, is authorised	ibsector:
	evel of Government:
gas, water and electricity. Only persons that are registered and established Malaysia can supply services for gas, water at electricity, and disposal of waste.	escription:
Measures / Source: Electricity Supply Act 1990 [Act 447] Electricity (Amendment) Ordinance 2003 (Cap A109) Electricity Rules 1999 Electricity (State Grid Code) Rules 2003 SESCO Ordinance 1962 (Cap 51) Sarawak Electricity Supply (successor Compan Ordinance 2004 (Cap 59) Energy Commission Act 2001 [Act 610] Electricity Regulations 1994 Licensee Supply Regulations 1990 Gas Supply Act 1993 Gas Supply Regulation 1997 Energy Commission Act 2001 [Act 610] Sarawak Gas Supply Services (Operating Compan Ordinance 1995 Waters Act 1920 [Act 418] Efficient Management of Electrical Energy Regulation 2008 [P.U.(A) 408] Electricity Supply Enactment 2024 Sabah Renewable Energy Enactment 2024 Ocean Thermal Energy Conversion Enactment 2024 Energy Commission of Sabah (Amendment) Enactmen 2024 Gas Supply Enactment 2023	easures / Source:

A.6.

	T	
Sector:	Oil and Gas	
Subsector:	-	
Level of Government	Central	
Description:	The Prime Minister of Malaysia may make non-conforming regulations for the purposes of carrying into effect the provisions of the <i>Petroleum Development Act of 1974</i> [Act 144] with respect to the upstream oil and gas sector ¹ , and may in particular provide for the conduct of or the carrying on of:	
	(a)	any business or service relating to the exploration, exploitation, winning or obtaining of petroleum; and
	(b)	any business involving the manufacture and supply of equipment used in the petroleum industry,
	except:	
	(c)	regulations that impose non-conforming requirements shall not be adopted or maintained with respect to the supply of the following 12 goods or services ² :
		(i) Seismic Data Acquisition;
		(ii) Directional Drilling services, Gyro While Drilling services, Measurement While Drilling services, and Logging While Drilling services;
		(iii) Cementing Related Services;
		(iv) Gas Turbines and related maintenance and repair services;
		(v) Control Valves services;

For greater certainty, the Prime Minister may make non-conforming regulations pursuant to the Petroleum Development Act of 1974 that are more non-conforming than existing regulations made pursuant to the Act. This entry does not require the Prime Minister to maintain existing regulations.

For greater certainty, in the court Malacian deviation of the court Malacian deviation deviation of the court Malacian deviation deviat

For greater certainty, in the event Malaysia decides to offer a contract to an investor or service supplier of another Party for the supply of above listed goods or services together with other goods or services, the investor or service supplier of the other Party may hold the prime contract, subject to meeting the PETRONAS' List of Licensed Registered Companies requirements with respect to the supply of the other goods or services.

- (vi) Oil Country Tubular Goods;
- (vii) Induction motor services;
- (viii) Distributed Control Systems (DCS) services;
- (ix) Transformer services;
- (x) Structural steel;
- (xi) Linepipes; and
- (xii) Process pipes;
- (d) regulations shall not be adopted or maintained that impose restrictions on mode of entry for foreign entities that wish to participate in Malaysia's upstream oil and gas sector activities of exploring, exploiting, winning and obtaining petroleum that are more non-conforming than the following requirements:
 - (i) a requirement to have a local establishment;
 - (ii) a requirement to partner with a subsidiary of Petroliam Nasional Berhad (PETRONAS);
 - (iii) a requirement, during the exploration stage, that the PETRONAS subsidiary's participating interest as a Petroleum Arrangement Contractor is 'carried' at maximum of its participating interest³; and
 - (iv) a requirement that the Petroleum Arrangement Contractors may only procure goods and services from PETRONAS' List of Licensed Registered Companies (LLRC);
- (e) regulations shall not be adopted or maintained that impose restrictions on mode

_

During the exploration period, all exploration and other costs are borne by the Petroleum Arrangement Contractors other than the PETRONAS subsidiary. Consequently, upon the expiry of the carried interest period, the PETRONAS subsidiary will bear the costs of future operations in proportion to its participating interest in the production sharing contract.

	(f)	of entry for foreign entities that seek to supply goods and services to Malaysia's upstream oil and gas sector that are more nonconforming than the following requirements: (i) a requirement to be licensed on the PETRONAS' LLRC; and (ii) a requirement to appoint a local as an exclusive agent, or to establish in Malaysia and form a joint venture with a local company or individual; regulations with respect to local participation requirements for equity, board of directors and senior management positions for foreign entities licensed on the PETRONAS' LLRC that seek to supply goods and services shall not be adopted or maintained that are more non-conforming than the requirements for relevant work categories listed in the existing Standardised Work and Equipment Categories for products and services; and
	(g)	after Malaysia negotiates and executes a contract with an operator or service supplier, non-conforming regulations shall not be applied in a manner that is inconsistent with the terms and conditions of the contract.
Measures / Source:		Development Act 1974 [Act 144] ementing Measures

LIST B

EXPLANATORY NOTES / HEADNOTE

- 1. This List sets out, pursuant to Article 8.4 (Reservations), the specific sectors, subsectors, or Activities, for which Malaysia may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by Article 8.3 (National Treatment).
- 2. Each entry in this List sets out the following elements:
 - (a) Sector refers to the sector for which the entry is made;
 - (b) Subsector, where referenced, refers to the specific subsector for which the entry is made;
 - (c) Description sets out the non-conforming measure for which the entry is made; and
 - (d) Measures where specified, identifies, for transparency purposes, a non-exhaustive list of existing measures that apply to the sectors, subsectors, or activities covered by the entry.
- 3. In accordance with Article 8.4 (Reservations), Article 8.3 (National Treatment) does not apply to the sectors, subsectors, and activities, identified in the Description element of that entry.
- 4. The Schedules of other Parties shall not be used to interpret Malaysia's commitments or obligations under Chapter 8 (Investment), or other Chapters of this Agreement.

MALAYSIA

B.1.

Sector:	Land and Real Estate
Subsector:	-
Description:	Acquisitions or dealings of land by non-citizens and juridical persons owned by foreign nationals must be approved by the relevant State Authority, subject to such conditions and restrictions as may be imposed by that authority.
Measures / Source:	Federal Constitution Land Acquisition Act 1960 [Act 486] Land Conservation Act 1960 [Act 385] National Land Code [Act 828] Federal Lands Commissioner Act 1957 (Revised 1988) [Act 349] National Land Code (Penang and Malacca Titles) Act 1963 [Act 518] Strata Titles Act 1985 [Act 318] Strata Management Act 2013 [Act 757] Land (Group Settlement Areas) Act 1960 [Act 530] Malay Reservations Enactment 1933 [F.M.S. Cap 142] Malay Reservations Enactment 1930 [Enactment 29] Kelantan Malay Reservations Enactment 1930 [No.18 of 1930] Kelantan Land Settlement Act 1955 (Revised 1991) [Act 460] The Reservations Enactment 1353 [No. 7 of 1353] Perlis Land Settlement Enactment 1966 [No. 16 of 1966] Johore Malay Reservation Enactment 1936 [No. 1 of 1936] Terengganu Malay Reservation Enactment 1360 [No. 17 of 1360] Terengganu Settlement Enactment 1356 [No. 65 of 1356] Malay Reservations (Selangor) (Amendment) Enactment No.15/1961 Malay Reservations (Selangor) (Amendment) Enactment No.7/1985 Customary Land Enactment 1926 [Cap 215]

Customary Tenure (Lengkongan Land) Enactment 1960
[No. 4 of 1960]
Undang of Rembau (Lands) Enactment 1949 [No. 2 of 1949]
Land Ordinance [Sabah Cap 68]
Sabah Land Acquisition Ordinance [Sabah Cap 69]
Sarawak Land Code 1958 [Chapter 81]
Local Government Act 1976 [Act 171]
Town and Country Planning Act 1976 [Act 172]
Federal Territory (Planning) Act 1982 [Act 267]
Federal Capital Act 1960 [Act 190]
Street, Drainage and Building Act 1974 [Act 133]

B.2.

Sector:	Oil and Gas
Subsector:	-
Description:	Petroliam Nasional Berhad (PETRONAS) and its successor are vested with the entire ownership in, and the exclusive rights, powers, liberties, and privileges, which shall be irrevocable, in exploring, exploiting, winning, and obtaining petroleum, whether onshore or offshore of Malaysia. PETRONAS in its role as the exclusive owner of the petroleum resources, decides on the form and conditions of contractual arrangements available for foreign participation and selection of the contract parties.
Measures / Source:	Petroleum Development Act 1974 [Act 144] Other Implementing Measures

B.3.

Sector:	All	
Subsector:	-	
Description:	Malaysia reserves the right to adopt or maintain any measure affecting the:	
	(a) full or partial devolvement to the private sector of services provided in the exercise of governmental authority;	
	(b) divestment of its equity interests in, or the assets of, a juridical person that is wholly or partially owned by the Government of Malaysia; and	
	(c) privatisation of government-owned entities or assets.	
	The description above pertains only to the initial transfer or disposal of such interest, and for subsequent transfers or disposals that are for strategic sectors announced through the Malaysia Plan.	
	For greater certainty, where Malaysia transfers any interest in an existing state enterprise to another state enterprise, such transfer shall not be considered to be an initial transfer. Where the transfer or disposal of an interest in an existing state enterprise is undertaken either partially or sequentially, the right shall apply separately to each phase.	
Measures / Source:	Minister of Finance (Incorporation) Act 1957 [Act 375] Companies Act 2016 [Act 777] Privatisation Master Plan Guidelines on Privatisation Bursa Listing Requirements	

B.4.

Sector:	All
Subsector:	-
Description:	Malaysia reserves the right to adopt or maintain any measure relating to Bumiputera, Bumiputera status companies, trust companies, and institutions, to meet development and social economic policy objectives.
Measures / Source:	Federal Constitution Policies and Ministerial Statements Treasury Instructions Treasury Circulars New Economic Policy (NEP) National Development Policy (NDP) Bumiputera Development Action 2030 (TBP2030)

B.5.

Sector:	All
Subsector:	-
Description:	Malaysia reserves the right to adopt or maintain any measure relating to national and state unit trusts. This includes unit trust schemes that are created or operated to pursue public policy objectives relating to Bumiputera or affirmative action for the socially disadvantaged.
Measures / Source:	-

B.6.

Sector:	Manufacture, assembly, marketing and distribution of explosives, weapons, ammunitions, as well as military-related equipment / devices, and similar products
Subsector:	-
Description:	Malaysia reserves the right to adopt or maintain any measure affecting the arms and explosives sector.
Measures / Source:	Section 4, Industrial Co-ordination Act 1975 [Act 156] Explosives Act 1957 [Act 207] Arms Act 1960 [Act 206] Chemical Weapons Convention Act 2005 [Act 641] Strategic Trade Act 2010 [Act 708]

B.7.

Sector:	Gaming, Betting and Gambling including supply and suppliers of betting and gambling equipment, wholesale and retail of gambling equipment
Subsector:	-
Description:	Malaysia reserves the right to adopt or maintain any measures relating to the provision of gaming, betting and gambling including supply and suppliers of betting and gambling equipment, wholesale and retail.
Measures / Source:	Lotteries Act 1952 [Act 288] Common Gaming Houses Act 1953 [Act 289] Pool Betting Act 1967 (Revised 2018) [Act 809] Betting Act 1953 [Act 495] Racing (Totalisator Board) Act 1961 [Act 494] Racing Club (Public Sweepstakes) Act 1965 [Act 404] Customs (Prohibition of Imports) Orders Industrial Co-ordination Act 1975 [Act 156]

B.8.

Sector:	Non-medical utilisation/application of atomic energy for:	
	(a) electric power plants base materials;	ed on fossil fuel or
	(b) nuclear power generation fuel cycle; and	including nuclear
	(c) electric power generation	
Subsector:		
Description:	Malaysia reserves the right to adopt or maintain any measures relating to non-medical utilization or application of atomic energy for:	
	(a) electric power plants base materials;	ed on fossil fuel or
	(b) nuclear power generation fuel cycle; and	including nuclear
	(c) electric power generation	
Measures / Source:	Atomic Energy Licensing Act 1984 [A	Act 304]

Sector:	Cultural Services
Subsector:	-
Description:	Malaysia reserves the right to review the following products following their importation and distribution in the Malaysian market to ensure their consistency with Malaysia's decency standards:
	(a) books;
	(b) magazines;
	(c) periodicals or newspapers;
	(d) works of art and films imported into Malaysia;and
	(e) programming licensed for broadcast on television, cable and satellite stations.
	In addition, prior approval is required for any arts, filming and performances by foreign artist and such activities shall comply with the Central Agency for Application for Filmall seing and Performance by Foreign Artistes (PUSPAL) Guidelines.
	Such review and pre-approval shall be administered in an objective, transparent and impartial manner, and consistent, where applicable, with Article 8.3 (National Treatment) and the Communications and Multimedia Act 1998 [Act 588].
Measures / Source:	Printing Presses and Publications Act 1984 [Act 301] Akta Perbadanan Kemajuan Filem Nasional Malaysia 1981 [Act 244] Akta Perbadanan Kemajuan Kraftangan Malaysia 1979 [Act 222] Dasar Industri Kreatif Negara (DIKN) 2010 Central Agency Committee for Application for Filming and Performance by Foreign Artistes (PUSPAL) Guidelines

B.10.

Sector:	Air Transport Services	
Subsector:	-	
Description:	Malaysia reserves the right to adopt and maintain any measure affecting:	
	(a) airport operation services;	
	(b) aircraft repair and maintenance services;	
	(c) ground handling services;	
	(d) specialty air services; and	
	(e) air transport services covering passenger and freight transportation frequencies and routing by air.	
Measures / Source:	-	

B.11.

Sector:	Manufacturing and services incidental to manufacturing	
Subsector:	-	
Description:	Malaysia reserves the right to adopt or maintain any measure relating to the manufacture of, and services incidental to manufacturing of:	
	(a) rice;	
	(b) sugar;	
	(c) flour;	
	(d) liquor and alcoholic beverages;	
	 (e) tobacco, manufactured tobacco substitutes, cigarettes products, including e-cigarettes, similar apparatus or devices, and components and liquids used for e- cigarettes, similar apparatus or devices; 	
	(f) biodiesel; and	
	(g) cement and cement products.	
Measures / Source:	Excise Act 1976 [Act 176] Free Zones Act 1990 [Act 438] Industrial Co-ordination Act 1975 [Act 156] Policies and Ministerial Statements Administrative Guidelines	

B.12.

Sector:	Mining and quarrying
Subsector:	-
Description:	Non-citizens and juridical persons owned by foreign nationals will need to seek the approval of the relevant state authority, and subject to such conditions and restrictions as may be imposed by the relevant state authority. Joint ventures with state or state-linked juridical persons may be required.
Measures / Source:	Mineral Development Act 1994 [Act 525] State Mineral Laws National Mineral Policy 2

B.13.

Sector:	Agriculture
Subsector:	-
Description:	Non-citizens and juridical persons owned by foreign nationals will need to seek the approval of the relevant state authority, and are subject to such conditions and restrictions as may be imposed by the relevant state authority.
Measures / Source:	National Land Code [Act 56 of 1965] Sarawak Land Code 1958 [Cap 81] Sabah Land Ordinance 1950 [Cap 68] Town and Country Planning Act 1976 [Act 172] Plant Quarantine Act 1976 [Act 167] Animals Act 1953 [Act 647] Animal Enactment 2015 National Agricultural Policy Customs Prohibition of Imports and Exports Orders Administrative Guidelines

B.14.

Sector:	Forestry
Subsector:	-
Description:	Non-citizens and juridical persons owned by foreign nationals will need to seek the approval of the relevant state authority, and are subject to such conditions and restrictions as may be imposed by the relevant state authority.
	Extraction and harvesting of timber are closed to foreign investors in Peninsular Malaysia and Sabah. However, for Sarawak, local involvement and majority local control are required. Forest areas opened for such activities are subject to an Annual Allowable Cut to enable the resources to be managed sustainably.
	Services incidental to extraction and harvesting of timber are closed to foreign investors in Peninsular Malaysia and Sabah. However, for Sarawak, the maximum foreign equity ownership allowed is 30 per cent.
Measures / Source:	National Forestry Act 1984 [Act 313] Sabah Forest Enactment 1968 [No. 2 of 1968] Sarawak Forest Ordinance 2015 [Cap. 71] State Forestry Laws Administrative Guidelines International Trade in Endangered Species Act 2008 [Act 686] Wildlife Conservation Act 2010 [Act 716] Malaysia Policy on Forestry 2021 Malaysia Timber Industry Board (Incorporation), Act 105

B.15.

Sector:	All	
Subsector:	-	
Description:	Malaysia reserves the right to adopt or maintain any measure related to the non-internationalisation of the Ringgit which includes:	
	(a) the requirement for international settlement to be made in foreign currency;	
	(b) limitation on the access to Ringgit financing by non- residents for use outside Malaysia; and	
	(c) limitation on the use of the Ringgit in Malaysia by non-residents.	
Measures / Source:	Central Bank of Malaysia Act 2009 [Act 701]	
	Financial Services Act 2013 [Act 758]	
	Islamic Financial Services Act 2013 [Act 759]	
	Foreign Exchange Notices	

B.16.

Sector:	All
Subsector:	-
Description:	The purchase of a financial service by a resident from a financial service supplier abroad shall be subject to the requirements, restrictions, and conditions imposed under the Foreign Exchange Notices.
Measures / Source:	Central Bank of Malaysia Act 2009 [Act 701] Financial Services Act 2013 [Act 758] Islamic Financial Services Act 2013 [Act 759] Foreign Exchange Notices