

MEDIA RELEASE

Comments on the 2017 Budget by YB Dato' Sri Mustapa Mohamed **Minister of International Trade and Industry**

1. YAB Perdana Menteri presented a balanced, comprehensive and inclusive budget which focused ways on raising disposable income among the *rakyat* and encouraged upscaling, re-skilling and entrepreneurship training as well as providing more physical incentives for the people and businesses, especially for SMEs.
2. I am particularly pleased that the YAB PM has debunked erroneous perceptions regarding our country and its economy. Such a strong statement from the Prime Minister will definitely enhance investor confidence and dispel worries regarding the economic health of the nation. This is testimony that the government's policies are indeed on track to bring further development and benefits not just to business but the *rakyat*. But most of all, YAB PM reiterated in his speech on the importance of national unity and inclusiveness that will drive forward the development of the nation towards 2050.
3. The Budget also addresses issues such as providing affordable housing especially to the young working *rakyat*. Concerns raised by the M40 and B40 groups were also addressed in the budget.
4. Malaysia's economy remains resilient and continues to grow. Despite the challenging condition of global economic and financial landscape, Malaysia's economic performance is on course to grow between 4.0 to 4.5% in 2016. In 2017, the economy is expected to grow up to 5.0%. The growth will be supported by the continued expansion of domestic demand which was primarily driven by the private sector.

5. I am very pleased that Budget 2017 gives strong focus on the role of SMEs' as an essential engine of growth for the people, economy and the country. These include:
- RM130 million for export promotion programme for local SMEs.
 - RM75 million to implement programmes under SME Master Plan.
 - 2% rebate on interest rates will be charged to SME borrowers under *Syarikat Jaminan Pembiayaan Perniagaan (SJPP)* scheme.
6. All these funds reflect the Government's recognition on the important and strategic role of SMEs as 97% of all businesses in the country are from the SME sector and contribute significantly to the country's GDP, employment and exports. This will indeed establish 2017 as the start up and SMEs promotion year.
7. Not only that, MIDA has been allocated a fund of RM522 million, especially for chemicals, electric and electronics industries and R&D activities. These are among the catalytic industries that will further help the country to move up the global value chain where our manufactured products have increasingly higher value add. The provision of an allocation of RM4.6 billion to TVET institutions will lead towards the production of more skilled workers to feed into industrial development and reduce our reliance on less skilled foreign workers.
8. I welcome the Government's introduction of the first Digital Free Zone in the world. This is in tandem with our efforts to encourage the growth and usage of e-commerce in the country, which will be driven by MITI through the National e-commerce Council which was set up earlier this year.

9. MITI will take immediate action to strategise our next steps to ensure that the funds and programmes announced under Budget 2017 is expeditiously implemented to bring maximum benefit to businesses, particularly SMEs.

10. I would like to take this opportunity to thank YAB PM for continuing to place priority on the economic sector which received the highest share of RM25.9 billion under the Development Expenditure.

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Ministry of International Trade and Industry (MITI)
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About MITI:

MITI is the key driver in making Malaysia the preferred destination for quality investments and enhancing the nation's rising status as a globally competitive trading nation. Its objectives and roles are oriented towards ensuring Malaysia's rapid economic development and help achieve the country's stated goal of becoming a developed nation by 2020 .

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