



MEDIA STATEMENT

Ministry of International Trade and Industry Media Statement on 2019 Budget

1. I wish to thank YB Lim Guan Eng, Minister of Finance Malaysia for tabling a comprehensive Budget for 2019 entitled, “*Malaysia Wibawa, Ekonomi Dinamik, Rakyat Sejahtera*”, which takes into account the issues and challenges faced by Malaysia. The Government is committed to address the fiscal issues and improve governance, for the benefit of the *rakyat*. In this regard, the commitment towards budget deficit has been revised to 3.7% in 2018, 3.4% in 2019, 3.0% in 2020 and 2.8% in 2021. GDP growth has been revised to 4.8% for 2018 which is a revision from the earlier target of 5% to 5.5%, taking into account the current domestic and global economic challenges.
2. We are happy to note that MITI has been allocated RM517 million for operating expenditure and RM1.163 billion for development expenditure in 2019, compared to RM469 million and RM1.013 billion, in 2018 respectively. This represents an increase of 10% for operating expenditure and almost 15% for development expenditure. The additional allocation will enable MITI to implement more programmes and initiatives to drive trade promotion and industry development initiatives.
3. I welcome new measures introduced such as the SST Credit System which will prevent multiple taxation and reduce the cost of doing business. In addition, the introduction of SST on imported services will provide a level playing field for domestic service providers. Meanwhile, the introduction of SST for online service providers effective 1 January 2020 will also contribute to national revenue.
4. The National Policy on Industry 4.0, i.e. Industry4WRD, is Malaysia’s effort to implement digital transformation of the manufacturing sector and its related services by facilitating companies to embrace Industry 4.0. The 2019 Budget measures will enhance MITI’s efforts to propel Malaysia as a strategic partner for smart manufacturing, primary destination for high-technology industries and total solutions provider for manufacturing sector and related services in the region.
5. Industry4WRD will pave the way for enhanced productivity, job creation and high-skilled talent pool in the manufacturing sector, and ultimately contribute to the



economic prosperity and societal well-being. I am happy to note MITI has been provided an allocation of RM210 million for 2019 to 2021 to adopt Industry 4.0.

6. I am pleased that SMEs that invest in automation and modernisation as part of Industry 4.0 will be provided with RM2 billion fund under *Skim Jaminan Pembiayaan Perniagaan* where the Government will provide financing guarantee of up to 70%. The Industry Digitalisation Transformation Fund totaling RM3 billion will provide subsidies with 2% interest to encourage the adoption of artificial intelligence. The MIDA High Impact Fund will be extended to encourage Industry 4.0 initiatives including R&D, international certification and standards, as well as modernisation.
7. I welcome Khazanah Nasional Berhad commitment to develop 80 acres of land in Subang as a global aerospace hub. This will create high-skilled work force to meet the aerospace industry demand. MITI's initiatives under National Aerospace Industry Coordination Office (NAICO) will be enhanced to promote aerospace industry in Malaysia.
8. I also welcome the additional 2019 Budget measures related to Human capital development related to Industry 4.0 which include the following:
 - 8.1 Double Deduction for companies that provide scholarships for students to pursue technical and vocational training and degrees in engineering and technology related courses;
 - 8.2 Tax Deduction for companies that participate in National Dual Training Scheme (*Skim Latihan Dual Nasional*) related to Industry 4.0, approved by Ministry of Human Resources or MIDA; and
 - 8.3 Double Deduction for companies that provide structured training programmes for engineering and technology students approved by Ministry of Human Resources.



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9. I am pleased with the announcement of a Joint-Committee co-chaired by the Minister of Finance and myself to drive governance reform agenda particularly to improve the trade process and tax administration. This will contribute to improving the ease of doing business and attract investors to Malaysia.
10. I welcome the incentives to improve the Principal Hub activities, to be taxed at 10% on total statutory income for a period of 5 years. This will enhance Malaysia's position as a regional hub for manufacturing and services.
11. MITI will work with the industry to mitigate the impact of the increase in minimum wage to RM 1,100 effective 1 January 2019. We urge the industry players to adopt initiatives to increase productivity through automation, and reduce dependency on low-skilled labour.
12. On the implementation on multi-tier levy for foreign workers, MITI will work with the industry players to ensure effective mechanism is properly established and sufficient timeline is given to the industry to prepare for the tier levy implementation.
13. I laud the government's effort to support the development of Sabah and Sarawak with an increased allocation. This will augur well to ensure equitable and sustainable development.

YB Datuk Darell Leiking
Minister of International Trade and Industry

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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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